

الشرق الأوسط

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

SOCCKER

Business pitches in

Page 16

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Tuesday September 25 1990

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World News Business Summary

Brussels set for clash with airlines over airport slots

The European Commission is heading for a clash with the European airline industry over its plans to introduce rules on the allocation of take-off and landing slots at congested EC airports. Under the proposals, large European airlines would be forced to hand over slots to their smaller competitors. Page 18

Soviets warn Iraq

Edward Shevardnadze, the Soviet foreign minister, warned Iraq that any attack by its forces on Middle East oilfields or Israel would unleash a war and bring disaster. Page 18

Liberia election call

Liberian rebel leader Charles Taylor is planning a general election for October 10 in the war-torn West African country. Page 8

Mobile workforce

Between 1m and 3m Soviet citizens will move to western Europe each year from 1991 to find jobs, Belgian labour minister Luc Van den Brande predicted. Page 18

Mandela trial date

Natal magistrates ordered Winnie Mandela to stand trial with seven others in Johannesburg on February 4 charged with kidnapping and assault. Page 5

Israel expels Arabs

Israeli soldiers ordered 20 Palestinians in Bureij refugee camp out and told them their homes would be demolished as punishment following an incident last Thursday when an Israeli reservist was stoned and burned to death. Page 18

Zambia reforms

Zambian president Kenneth Kaunda called for the cancellation of a planned referendum on bringing back multi-party rule, and promised constitutional changes paving the way for elections. Page 5

Cambodia talks

Prince Norodom Sihanouk will fly to Bangkok tomorrow to chair a meeting of all four Cambodian factions if the warring groups can agree on details of how the talks should go, Thai Foreign Ministry sources said. Page 5

Ceasefire ends

Philippine communist guerrillas ended a ceasefire with President Corason Aquino's government. Page 5

Costly clean-up

A United Nations study said it would cost \$90bn to clean up pollution in the Mediterranean sea. Page 5

New Bhutto charge

Former Pakistan prime minister Benazir Bhutto was ordered to stand trial on a second corruption charge, the state-run news agency said. Page 5

Jackson in Montreal

US politician Jesse Jackson arrived in Montreal at the invitation of Mohawk Indians hoping to end a 75-day deadlock with the Canadian authorities. Page 5

Vietnamese return

The United Nations High Commission for Refugees hopes the first batch of "non-volunteer" boat people will be returned to Vietnam from Hong Kong by the end of next month. Page 5

Sandinista protest

A campaign of civil disobedience against the Nicaraguan government's austerity programme was launched at the weekend by the opposition Sandinista party and affiliated trade unions. Page 9

Flower power

Bulgaria's former communists have thrown away the traditional red star and adopted an elegant red rose as their new Socialist Party symbol. Page 7

Continental rejects Pirelli takeover bid as 'hostile'

Continental, West German tyre company, has rejected what it called the "hostile" takeover attempt by Pirelli of Italy, but said it was ready to talk about a possible deal on different terms. Page 19

Australia's Labor government

has won the backing to inject private capital into the telecommunications and aviation industries. Page 18

EUROPEAN Commission

is heading for a clash with European airline industry over plans to introduce rules on the allocation of take-off and landing slots at congested EC airports. Page 18

BARCLAYS, largest UK bank

and BankAmerica, are joining forces in international travellers cheques market. Page 19

BREITEL Investments, New Zealand company

has launched cash bid for Mount Charlotte Investments, valuing the UK hotels group at \$644m (\$1.16bn). Page 19

SOVIET Union: More than 100

large-scale metal enterprises would fold without subsidies in a market system, leaders of the metallurgical industry warned. Page 7

GERALD Rouse, chairman

of the Heron Group, has been fined \$5m (\$9.4m) for his part in illegal share support operation, is to appeal against both his conviction and sentence. Page 18

PRUDENTIAL Corporation

UK's life insurer, is to sell Belgian general insurance subsidiary, Compagnie d'Assurance de l'Escaut, to French insurer Assurances Générales de France (AGF) for FR9.4bn (\$355.2m). Page 19

TAIWAN expects economic

growth rate to fall to about 4.5 per cent this year - far lower than expected. Page 5

STERLING could enter the

exchange rate mechanism of the European monetary system "as soon as possible", Pierre Bérégovoy, France's finance minister, said. Page 8

POLY Feck's board is drafting

a detailed statement about its affairs in an attempt to satisfy its lawyers and the Stock Exchange. Page 11

COATS VITELLA, one of

Europe's largest textile groups, has appointed Neville Bain from confectionery company Cadbury Schweppes, as group chief executive. Page 26

SHELL Oil's plan to build and

jointly operate Thailand's fourth refinery - a Baht18bn (\$708.9m) project - may be in doubt. Page 4

JOSE Maria Aristaiz, Spanish

steel producer, pulled out of agreement to sell company to a joint venture formed by Spain's Banco Español de Crédito (Banco) and British Steel. Page 19

EC move to limit Japanese car imports under threat

By Guy de Jonquieres in London and David Buchan in Brussels

THE European Community's efforts to negotiate restraints on Japanese car sales after 1992 are threatened by growing political disarray in the EC and by signs of further weakness in the European vehicle market. Mr Martin Bangemann, the European industry commissioner, has said in private recently that the EC's internal divisions are so deep that it may prove impossible to conclude an agreement with Japan.

Failure to agree could jeopardise the planned single market in cars and prompt countries such as France and Italy to defy the commission by maintaining their national restrictions on Japanese car imports after 1992.

Officially, the commission says it still expects the issue to be resolved. However, even optimists in Brussels admit it is proving much more difficult than feared and say decisive progress must be made in the next two months if a breakdown is to be avoided.

Britain, Portugal and Spain, as well as France and Italy, all limit Japanese car sales.

Because these curbs impede free trade in the community, the commission is proposing to replace them with Japanese voluntary restraint arrangements covering the whole EC, which would last until the late 1990s.

The proposal has been approved in principle by EC governments and by Japan, though detailed provisions have still to be agreed. However, the already shaky consensus between the Twelve has been strained further by several recent developments. They include:

● Worsening relations between Brussels and Paris. Mrs Edith Cresson, France's European affairs minister, bitterly criticised the Commission last week and called on the EC to abandon its current approach to Japanese cars and start again from scratch.

Her outburst appears to have been triggered by Mr Bangemann's decision to exclude Mr Jacques Calvet, the ultra-protectionist chairman of Peugeot, from a high-level meeting this month attended by the heads of all the other European car-makers.

The snub to Mr Calvet seems a serious tactical blunder, which has further hardened France's anti-Japanese line. The French position is broadly supported by Italy and Spain.

● Car-makers' growing concern about the short-term market outlook, particularly in southern Europe, where sales

are reported to be suffering from higher oil prices. Industry worries have been deepened by Commission estimates that the proposed restraints would allow Japan's share of the EC market, including output from Japanese "transplants" in Europe, to rise from 10.4 per cent to almost 19 per cent.

In Britain which, with West Germany, takes a broadly liberal position in the EC debate, Japan's share would rise from 11 per cent to 29 per cent. In France, the Japanese share would increase from 3 per cent to 11 per cent.

The industry has accused the Commission of seeking to give away to the Japanese all the forecast growth in the European market. Daimler-Benz of West Germany is said to be the only European car-maker now unequivocally in favour of free trade.

Disagreements in the Commission over how to manage the proposed restraints. Mr Bangemann wants Japan to give an informal undertaking that its car-makers will not flood the market simply by shipping cars from open EC markets to currently protected ones.

But Sir Leon Brittan, the competition commissioner, is demanding that any restrictions on trans-shipment be formally enshrined in EC legislation, which would require approval by the Council of Ministers.

That, however, would undermine the Commission's claim that it does not need the Council's authorisation to negotiate with Japan. It could also jeopardise the chances of concluding a deal by bringing into the open divisions between EC governments.

The Commission fears that unless it can break the threatened stalemate in the next two months, the issue risks becoming hopelessly entangled in the conclusion of the Gatt Uruguay Round of trade negotiations at the end of the year.

Through a senior official from the Japanese Ministry of International Trade and Industry is due to visit the Commission later this week, neither Brussels nor Tokyo expects much progress while internal EC disagreements persist.

Japanese diplomats in Brussels said the Gulf crisis had hardened protectionist tendencies among southern EC members. They claimed the Commission's external affairs division was taking a more strongly free-trade attitude than its industry directorate, which is under pressure from European car-makers.

World stock markets drop sharply

By Janet Bush in New York

WORLD stock markets dropped sharply yesterday amid worries about the slowdown in the global economy and the possibilities of war in the Gulf.

In London, the FTSE-100 index closed 35.2 down at 1,990.3, the lowest point since January 1989.

US financial markets fell below the lows reached in early August in the initial reaction to Iraq's invasion of Kuwait. The Dow Jones Industrial Average of blue chip stocks was 57.43 points lower at mid-session at 2,454.95.

The Treasury's benchmark long bond fell 1/2 point to yield 9.16 per cent and the dollar remained under pressure, particularly against the D-Mark. It was quoted at DM1.5580 at mid-session, more than two pence below its opening highs.

The broad selling in US financial markets yesterday extended the weakness seen last week on increasing concern about the US economy.

Oil prices soared a 10-year high yesterday, with North Sea Brent breaching \$40 a barrel, on fears of war in the Middle East.

On the New York Mercantile Exchange, November crude oil futures were quoted \$33.30 a barrel higher at \$38.73.

The price of oil reflects fears of war and is much higher than most analysts consider justified by the reduction in crude supplies caused by the embargo on Iraqi and Kuwaiti oil exports.

Cargoes of Brent oil for prompt delivery were quoted at \$40.85 a barrel reflecting a steep premium for prompt supplies.

Investors are becoming increasingly aware that there is little hope of a quick solution to the crisis in the Middle East. Ms Abby Joseph Cohen, chief equity strategist at Banc of America in New York, said: "The US economy is sluggish on the best interpretation and in recession according to the worst, and inflation, even excluding the current oil shock, is rising."

The nervousness on Wall Street helped to induce gloom among traders in most European bourses. The Frankfurt market registered its lowest level since October while Madrid and Paris touched new lows for 1990.

In Britain, news of the £1.1bn (\$2.1bn) UK current account deficit in August strengthened sterling, though it did not lift the stock market.

One more specific trigger for yesterday's decline was another jump in crude oil prices after Iraq's threat at the weekend to attack Middle Eastern oil installations.

US financial analysts also expressed considerable disappointment in the communique from the Group of Seven meeting in Washington which failed to mention any moves on strengthening the dollar or on co-ordinating interest rate cuts in the event of marked collective economic weakness because of the rise in crude oil prices.

There are also rising concerns over the US fiscal position, which looks increasingly disastrous. The administration and congress continue to tussle over a package of budget deficit cuts which already look inadequate in the face of impending recession, the huge costs of the military commitment in the Gulf and the threat of a tax cut.

The Gulf Crisis, Page 2; UK trade figures, Page 16; Lex, Page 12; Government Bonds, Currencies, Stock markets, Section II

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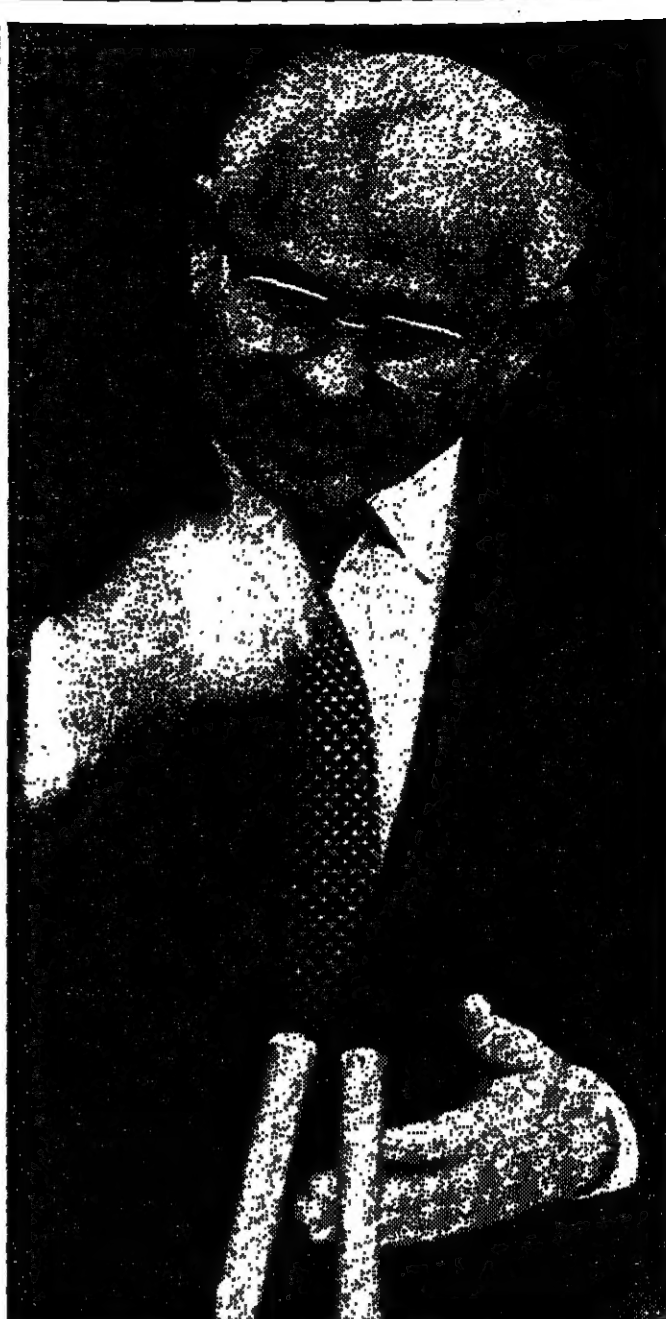
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Soviet President Mikhail Gorbachev pounds the table during an emotional speech to the Supreme Soviet yesterday

Gorbachev nearer market economy

By Quentin Peel in Moscow

SOVIET President Mikhail Gorbachev was yesterday granted the sweeping powers he was seeking to transform the Soviet Union into a market economy by decree.

The measure means he can bypass both the central government and elected soviets in implementing radical measures to introduce private property, price reform and budget cuts.

At the same time, he agreed to go along with yet another attempt to reconcile the differing reform programmes put forward by the Soviet government, headed by Mr Nikolai

Ryzhkov, prime minister, and his own advisers, headed by Professor Stanislav Shatalin.

The compromise effort was approved by the Supreme Soviet of the USSR, in spite of the objections of both Professor Shatalin and Dr Leonid Abalkin, the deputy prime minister, both of whom insisted that their plans could not be merged.

It leaves it up to Mr Gorbachev to forge a single plan by October 15 for the approval of the union parliament. However, the presidential

Continued on Page 18

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MARKETS

STERLING New York futures: \$1.8615 London: \$1.8645 (1.8455) DM2.938 (2.9125) FFs 8.225 (8.745) SF2.4425 (2.4375) Y258.25 (252.5) £ Index 93.4 (92.8) 90/91 New York: Comex Dec \$408.3 (394.5) London: \$396 (389.25) N SEA OIL (Argus) Brent 15-day Nov \$32.275 (\$4.825) Chief price changes yesterday: Page 18	DOLLAR New York futures: DM1.559 FFs 219 SF1.297 Y138.75 London: DM1.5575 (1.5775) FFs 2125 (5.220) SF1.2965 (1.3210) Y138.0 (136.9) £ Index 92.3 (92.9) US Inflation rates Fed Funds 8 1/4 % 3-mo Treasury Bill: yield: 7.58 % Long Bond: yield: 9.16 %	STOCK INDICES FT-SE 100: 1,990.3 (-35.2) FT Ordinary: 1,510.4 (-20.9) FT-A All-Share: 952.00 (-1.5 %) New York futures: DJ Ind. Av. 2,459.98 (-28.42) S&P Comp 355.67 (-7.55) Tokyo Nikkei Japanese markets were closed yesterday LONDON MONEY 3-month Interbank: closing 14 1/2 (same) Life long gilt future: Dec 92 1/2 (92 1/2)
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CRISIS IN THE GULF

Old E German equipment included in Bonn's pledge

By David Marsh in Bonn

THE German government is to supply the US with DM740m (\$250m) worth of equipment from the East German National People's Army, as part of the DM3.3bn Gulf aid package agreed with Washington 10 days ago.

This means that the US army could shortly be deploying East German and Soviet-made goods which until recently would have been earmarked for fighting Nato in any European conflict.

The revelations about the amount of East German goods in the package will certainly diminish its intended positive impact on the US congress.

Mr Hans Klein, the Bonn government spokesman, confirmed that roughly half of Bonn's total military and transport aid for the US would be made up of old stocks of the shortly-to-be-disbanded East German army. But he denied suggestions that the equipment would not be "modern". Mr Klein also said that Germany had not up to now discussed the supply of weaponry for the US-led Gulf forces.

The US is understood to be satisfied that the list of equipment offered to Mr James Baker, the secretary of state, when he visited Germany in mid-September contains useful East German military goods.

These include East German protective devices against chemical weapons, as well as engineering equipment such as bridge-building materials. The Bonn Defence Ministry could not confirm yesterday to what extent other material such as lorries and personnel carriers were on the list.

"One of the positions of excellence of the Warsaw Pact is that it produces rugged and dependable equipment," said one official yesterday.

The Bonn government meanwhile admits that the DM3.3bn figure, agreed when Mr Baker visited Chancellor Helmut Kohl and Mr Hans-Dietrich Genscher, foreign minister, was partly inflated to influence US public opinion.

One Bonn minister said last week that the DM3.3bn was partly "optical", and admitted that it was boosted in several

ways to leave Mr Baker with as positive an impression as possible. "We have learnt something from the Japanese," the minister commented wryly, referring to Tokyo's well-known penchant in recent years for maximising the "headline" figure of any international aid agreement.

Apart from the DM1.6bn military and transport component, DM420m is coming from Germany's contribution to EC aid for "front-line" states, while DM1.28bn reflects direct support for Egypt, Turkey, and Jordan.

The biggest single component is DM975m in aid for Egypt. Of this, DM775m had already been decided under West Germany's 1988, 1989 and 1990 budgets, a Bonn official said yesterday. The DM775m was up to now frozen, pending accord on Egypt's international debt rescheduling. "Unblocking" the amount due adds up to an additional flow of funds for Egypt, but weakens the "political signal" of the aid action, officials acknowledged yesterday.

Paris rejects Iraqi apology

By Ian Davidson in Paris

THE French government said yesterday that it would not be satisfied by Iraqi "excuses" for the forcible intrusion into the French ambassador's residence in Kuwait, and demanded the immediate liberation of all French and other foreign hostages.

Iraqi forces invaded the French embassy on September 14 and removed four people, including the defence attaché, who was subsequently released. President François Mitterrand immediately responded with a decision to strengthen French forces in the Gulf, by sending 4,000 extra ground troops and a contingent of light AMX 10 armoured vehicles.

Yesterday the French Foreign Ministry said the government had received no official confirmation of the "excuses" published on Sunday by the Iraqi INA newsagency, which



Mitterrand: more forces

said the intrusion of Iraqi forces into the residence had been the result of a misunderstanding.

"But in any case," said the ministry, "France could not be satisfied [by the excuses], and expects the immediate liberation of the three people removed on that occasion, as well as the liberation of all hostages, French and foreign, unjustly held."

The ministry calculates that there are around 80 French citizens in Kuwait and 200 in Iraq, of this total, it estimates that about 60 are being held as hostages in strategically sensitive sites.

Guest workers say their farewells to Saudi Arabia

EVERY morning the pavement outside the Dahrani International Hotel in Saudi Arabia is stacked high with unwieldy, heavily-taped cardboard boxes containing the possessions of departing Filipino workers.

Most of the late of more than half a million Asians trapped in Iraq, Kuwait and Jordanian refugee camps and frightened by talk of chemical warfare, expatriate "guest workers" in Saudi Arabia continue to leave the country in their thousands. The Indian government refuses even to issue visas for new labourers to replace their fleeing compatriots in Saudi Arabia's Eastern Province.

The Yemenis, Jordanians, Sudanese and Palestinians who remained find that life is growing more difficult. "We can't trust them any more," a Saudi official said. "Those who leave won't be allowed to return. Although our government denies it, we are looking for reasons to deport them. They are watched by the police and they are being very careful."

On September 19, the Saudi Interior Ministry announced

share with nine Filipino men," he says. "We get on each other's nerves and sometimes there are fist-fights. There is nothing to do for entertainment."

Many of Saudi Arabia's expatriate workers are political exiles or refugees from civil wars in Lebanon, Kashmir, southern Sudan and Sri Lanka. Mohammed, a hotel receptionist, died Pakistan eight years ago, pursued by the government for his activities in the Muslim League. "The first year, I thought I was going to die of loneliness and boredom," he says. "After that, you get numb. I don't even think about home any more."

Lara Marlowe reports on a labour force being reshaped by the Gulf crisis

new measures obliging Yemenis, who have hitherto been exempt, to obtain visas and secure Saudi sponsors before coming to work in the kingdom.

The ability to control workers' movements has been central to the Saudis' importation of foreign labour. Immigrants are given single-entry visas and their passports are usually held by their employers during their stay to stop them moving to better jobs or leaving the country on short notice. Some labourers, eager to leave because of the Gulf crisis, have had difficulty obtaining exit visas or repatriating savings in Saudi riyals.

The Saudi government has for more than a decade attempted to "Saudi-ise" the country's labour, but with limited success. Saudis refuse to work for the low salaries that Asians and poor Arabs accept and will not perform menial tasks currently undertaken by Sri Lankans and Bangladeshis.

While Saudis will never become janitors or ditch-diggers, the government hopes that more of its citizens will take low-level clerical positions.

For the poorest of the remaining foreign workers, life in Saudi Arabia is a joyless, if remunerative, experience. Luis, a Filipino driver, is supporting 10 members of his family, who live in Manila. "I work 12-hour days and then I go home to a room that I

Seoul promises \$220m in aid over two years

By John Ridding in Seoul

SOUTH Korea will provide aid and support worth \$220m (\$117m) over two years to the international effort in the Gulf, the foreign ministry announced yesterday.

Mr Yoo Chong Ha, vice foreign minister, said that \$50m in cash and \$70m in materials and services would be given to the multinational forces in the Gulf and \$100m in aid and supplies would be given to Egypt, Jordan and Turkey, which face economic difficulties because of the dispute.

According to Yonhap, the official news agency, the measures fall short of a US request for \$350m in support of the international effort in the Gulf. But the US embassy in Seoul welcomed yesterday's announcement.

Mr Yoo, quoted by Yonhap, said: "We know that the US congress and media have con-

tended that Korea despatch at least a brigade-level unit to the Gulf, but the US administration shared the view that it is undesirable for Korea to bring change in the military balance on the Korean peninsula."

The materials and services which South Korea will provide include gas masks, uniforms, tents and the use of cargo aircraft and ships. The economic assistance to the front-line states includes \$40m in long-term, low-interest loans, 30,000 tons of rice and \$50m for assistance to refugees.

According to Mr Yoo, the decision to contribute aid reflected South Korea's opposition to Iraq's use of "illegal aggression" and its desire for a restoration of oil price stability. South Korea imports all of its oil and 75 per cent of its other imports come from the Middle East.

Assad extends Tehran visit

By Tony Walker in Cairo

PRESIDENT Hafez al-Assad of Syria has extended his visit to Tehran, prompting speculation that he is making progress in his efforts to persuade Iran to take a harder line against Iraq in the Gulf crisis.

News that Mr Assad's visit was being extended coincided with reports that Iran had arrested 29 people seeking to smuggle food across its border into Iraq. Two groups of smugglers have been handed over to a revolutionary court in the Kurdish city of Sanandaj near the Iraqi border.

Iran said Mr Assad would spend more time in Tehran "because of the importance of the issues under discussion and the need to complete consultations".

Western officials said it was significant that the Assad visit had been extended and this could be read as a positive sign. The Syrian leader seems certain to be arguing strongly that Tehran should co-operate

in efforts to tighten the noose around Iraq.

While Iran has said it supports UN sanctions, it has made equivocal statements about continuing to supply food and medicine on humanitarian grounds. Mr Assad, who held 4½ hours of talks in Damascus this month with Mr James Baker, the US secretary of state, may also be seeking to encourage Iran to further reduce its international isolation.

There have been faltering signs of Iran reaching out to the west and to the moderate Arabs among its neighbours, such as Saudi Arabia and Egypt. Syria's ruler, in his efforts to further isolate his arch-rival President Saddam Hussein, is likely to have encouraged this trend.

Other topics that are certain to have been discussed in some detail over the past three days are Lebanon, the Arab-Israeli dispute, and regional security

once the Gulf crisis ends. Iranian leaders have spoken out strongly against the presence of foreign forces in the Gulf, fearing that the US intends to maintain a permanent presence in the region.

Mr Assad has argued that once Iraq withdraws from Kuwait, there will no longer be a pretext for foreign troops to stay.

Mr Assad's visit to Tehran is his first since the 1979 revolution that swept Ayatollah Ruhollah Khomeini to power after the downfall of the Shah. Syria was the only Arab state to support Iran during the protracted Gulf conflict that ended in an August 1988 ceasefire. Iran, because of its 750-mile border with Iraq, could help its neighbour circumvent the UN embargo on all trade.

In a further sign that Iran is becoming less isolated in the region, Tunis announced yesterday that it was re-establishing relations, severed in 1987.

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Moggridge Associates

Mr Gary Rado
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The conference, arranged in association with the Design Management Institute of Boston, will coincide with the London opening of an exhibition on 'Designing for Product Success' at the Design Council.

PRODUCT STRATEGIES FOR THE 90s

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CRISIS IN THE GULF

Oil supplies 'adequate' as Opec boosts production

By Steven Butler

OIL supplies to the industrialised countries look adequate following a surge in production from members of the Organisation of Petroleum Exporting Countries, according to a senior official at the International Energy Agency, which is responsible for co-ordinating the response to an oil supply crisis for 21 industrialised countries.

As a result, the governing board of the IEA is not expected to adopt emergency measures, such as releasing government oil stocks or introducing demand restraint measures, in response to the Gulf crisis when it meets in Paris on Friday.

The agency estimates that Opec production in September will average 52m barrels a day, hundreds of thousands of barrels a day higher than had been expected.

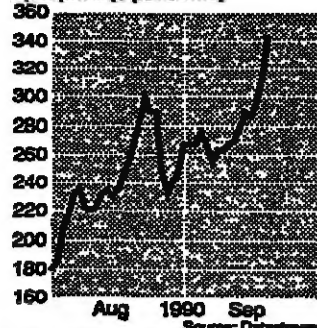
Opec production is thought likely to average 22.2m b/d in the fourth quarter, putting the cartel's output close to the 22.5m b/d production ceiling agreed at a meeting in late July.

The official said that the surge in production had already led to increased supplies in consumer countries.

The official warned, how-

Gas Oil

Spot price (\$ per tonne)



Source: Datastream

ever, that the supply situation could be tight through the winter, particularly in the supply of refined products.

"We're in a manageable crude situation. As we go into the winter, the possibility of severe weather or industrial accidents (in refineries or oil production facilities) will increase our susceptibility to regional supply problems."

The IEA analysis also assumes there would be no further disruption to supplies, beyond the 4.3m b/d lost from Kuwait and Iraq, caused by a Middle East war that could affect Saudi exports.

"If that happens all bets are off," the official said. IEA said that while member countries were aware of arguments that governments should release stocks in order to calm markets, indications are they would prefer to wait in case a more severe supply crisis develops.

"It is a question of keeping your powder dry."

According to the IEA, oil companies have refrained from the stocking of oil that normally occurs in the third quarter. Commercial stocks are estimated to have been steady in the quarter, compared to IEA estimates before the crisis that stocks would increase by 600,000 b/d during the period.

On the assumption that Opec production is maintained at 22.2m b/d in the first quarter of 1991, commercial oil stocks would decline to cover about 65 days of forward consumption by April 1. This assumes a commercial stock draw of 1.5m b/d in the fourth quarter, and a 1.3m b/d stock draw in the first quarter.

"This is relatively low, but we do not consider it abnormal or unmanageable," the official said.

This year, IEA members'



Hundreds of Philippine jeepney (minibus) drivers protested at petrol price rises yesterday in Manila, burning a rubber tyre and blocking many streets

stocks were equivalent to 70 days' forward consumption on April 1, compared with a figure of 67 days a year earlier.

The official said there was still some debate over whether

the world's refining system could cope with the relatively heavy crudes which are replacing Iraqi and Kuwaiti exports.

Although industrialised

countries had not yet experienced product shortages, developing countries in South Asia, along the Pacific Rim, and those in East Africa were having difficulties.

NEWS IN BRIEF

Saudi minister denies oil profits windfall

SAUDI Arabia is not making windfall gains from the rise in oil prices, its finance minister, Sheikh Mohammad Abulqasbi, said yesterday. Stephen Fidler writes from Washington. He said the heavy financial costs associated with the "reprehensible" Iraqi invasion of Kuwait greatly exceeded additional revenues.

The costs, he said, related to defence requirements and those arising from human displacement and included assistance to countries affected by the crisis.

Saudi Arabia had increased oil production to its maximum capacity in an effort to bring back stability to oil prices and supplies. Much of the increased production was directed to countries whose supplies have been interrupted, he said.

Israel says 'sanctions biting'

The latest Iraqi threats to attack Middle East oil fields and Israel showed sanctions against Baghdad were starting to bite, Yitzhak Shamir, the prime minister, told parliament's Foreign Affairs and Defence Committee, Hugh Carnegie writes from Jerusalem.

But officials also expressed concern that President Saddam Hussein's readiness to carry out such threats had increased as a result.

Royal Navy uses landing ships

Four of the Royal Navy's five landing ships will be used in the transport of British tanks and other heavy equipment to Saudi Arabia, the Navy said yesterday, writes David White, Defence Correspondent.

However, negotiations were still going on with UK and foreign shipowners on the chartering of merchant vessels to carry the bulk of the British armoured force.

This will include most of the 120 Challenger tanks belonging to the 7th Armoured Brigade, based in northern Germany.

Iraqi exiled opposition unites

Iraqi opposition groups have shelved their differences to launch a united drive against Saddam Hussein, an Iraqi Shia Moslem opposition leader said yesterday, Renter reports from Damascus.

Ayatollah Mohammed Taqi al-Mudarrisi, of the Islamic Action Organisation in Iraq, said representatives of Islamic, Kurdish and Communist groups were meeting in Damascus to set up a government-in-exile.

Water pipeline for Kuwait

Iraq said yesterday it had completed a pipeline to supply part of Kuwait with drinking water from the Shatt al-Arab waterway, Renter reports from Baghdad.

The government-controlled newspaper al-Jumhuriya said the 16-inch pipeline, stretching more than 60 miles, was laid in 25 days.

Taiwan to give \$30m aid

Taiwan will give \$30m (£16m) in humanitarian aid to Jordan, Turkey and Egypt for refugees stranded in the Gulf as a result of Iraq's invasion of Kuwait, Mr Fredrick Chien, the foreign minister, said yesterday, AP reports from Taipei.

Taiwan will decide whether to give the aid in cash or in food and supplies after consulting with the three nations.

Taiwan is not a member of the United Nations.

Caracas hits at arms spending

Venezuela's Foreign Ministry has issued a sharp criticism of military spending related to the Middle East crisis and asserted that it would not provide any military support to the international front against Iraq, writes Joe Mann in Caracas.

Kuwait Petroleum to relaunch lubricants arm

By Steven Butler

KUWAIT Petroleum - undeterred by the Iraqi invasion of Kuwait - is preparing to relaunch its UK lubricants business next month, following a reorganisation and rebranding of the Carless Lubricants business which it acquired 14 months ago.

The relaunch is proceeding on schedule and managers at Kuwait Petroleum Lubricants (KPL) are keen to emphasise that the business has been unaffected by the Gulf crisis. Products are appearing with KPL labelling and the company is planning a series of seminars with customers to introduce the company's customer service policies.

Kuwait Petroleum International, a subsidiary of the Kuwait national oil company which owns and manages a big European refining and market-

ing business, bought the lubricants business from Kelt Energy for about £28m following Kelt's hostile takeover of Carless, Capel & Leonard. The business has about a four per cent share of the UK industrial and consumer lubricants market. It sells 35m litres of lubricants annually with a turnover of roughly £17m.

Mr Alan Tucker, KPL's managing director, says the company hopes to add a few points to its market share by focusing on the "quality" end of the market, where higher margins are justified by a higher level of service to customers.

Mr Neil Griffiths, marketing and sales manager, said: "Kuwait has actually brought customers to the business because Kuwait is perceived as a quality operation. People realise we are here to stay."

Mitterrand puts four-point peace plan

By Robert Mauthner and Michael Littlejohns in New York

NO compromise is possible in the Gulf crisis as long as Iraq does not comply with United Nations resolutions and withdraw its troops from Kuwait, said French President Francois Mitterrand in New York yesterday.

"The sovereignty of Kuwait is not negotiable any more than that of others," Mr Mitterrand said in a remarkably tough speech to the UN General Assembly on the first day of its general debate.

However, he tempered his remarks with a promise that, if Iraq withdrew its troops and freed its hostages, "everything is possible."

Mr Mitterrand was particularly critical of the attitude of President Saddam Hussein in dealing with the crisis. "Not one gesture, not one word thus far from the president of Iraq has given us even a glimmer of hope for reconciliation," he said, emphasising that Mr Saddam had shown complete disregard for the UN, which had been created to preserve peace in the world.

The French president also expressed deep disgust at the use the Iraqi leader had made of hostages. "How can we accept

that some of them were made to serve as human shields, for a conflict that is not their own?"

Clearly referring to reports that Iraq had apologised for the violation of the French ambassador's residence in Kuwait, Mr Mitterrand said that, if there had been a mistake, why was it proclaimed it so late?

Stressing that the choice was between the law of the jungle and that of the rule of international law, he nevertheless refused to say that all hopes of a solution were dead. "We are prepared to take up any chance for peace because our logic is the logic of peace against the logic of war, which has been imposed upon a terrified world by Iraqi policy."

Though the Arab world still had not overcome its divisions, Mr Mitterrand felt the efforts being made by Arab leaders continued to offer some prospect of a possible solution.

He sketched out a possible four-stage solution to the crisis. In the first instance, Iraq had to comply with the UN Security Council's resolutions and withdraw from Kuwait. The international community, which had condemned the aggression,

would be able to guarantee the withdrawal of military forces and the restoration of Kuwait's sovereignty.

In this context, Mr Mitterrand emphasised that "the will of the Kuwaiti people" would also have to be taken into account, suggesting that some kind of referendum should be held in Kuwait.

The third stage would be an international conference, which would safeguard the implementation of any solution. However, Mr Mitterrand did not specify whether such a conference would be separate from the proposed Middle East conference to settle the Israeli-Arab dispute.

Finally, arms reductions should be negotiated for the whole Middle East region.

Mr Mitterrand said this implied direct dialogue among all concerned, until confrontation in the Middle East was replaced by "the dynamics of good neighbourliness".

Mr Mitterrand rejected a US offer to let its foreign minister's official aircraft take him to New York for the UN General Assembly if Baghdad freed Americans held in Iraq, Renter reports from Baghdad.

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WORLD TRADE NEWS

Thai Cabinet delay may put new Shell refinery in doubt

By Paul Taylor, Asia Business Correspondent, in Bangkok

SHELL Oil's plan to build and jointly operate Thailand's fourth refinery - a Bahr 18bn (537m) project to meet growing demand - could be in doubt because of unexpected delays in final approval of the contract by the Thai cabinet.

Shell's wholly-owned Thai subsidiary, Shell Company of Thailand, won a bid battle with Caltex Oil of the US to build the 145,000 barrels-a-day (b/d) refinery at Mah Ta Phud on the eastern seaboard earlier this year.

The contract was sent to the cabinet for final approval over two months ago, but has yet to be signed.

Speculation is growing the government will seek to renegotiate terms of the original agreement with Shell. Although Shell's Thai subsidiary has yet to be officially informed of the reason for the delay, it is believed the government wants to cut Shell's stake in the refinery construction project, from 64 to 51 per cent, with the remaining stake held by the state-run Petroleum Authority of Thailand (PTT).

Under the original plan, after completion, 30 per cent of the refinery was to be floated in a public share offering, with Shell retaining a 45 per cent stake and the PTT the rest. It is understood the PTT has already approved the proposed change in the initial share structure and that the powerful National Energy Policy Committee will shortly endorse the change.

If so, it would present Shell's Thai subsidiary - a company employing 800 people, mainly Thai, which has been operating in Thailand for 80 years - with a serious dilemma. Last

week, the usually low-profile company took the almost unprecedented step of publicly voicing its concerns about the speculation, and a senior Shell executive reaffirmed that alteration of the agreed share structure would represent "a radical change".

Whether such a move would prompt Shell to rethink its plans or simply cause delay to a "fast track" project due for completion by the end of 1994, remains unclear.

At the moment, without any official word, Shell executives, in London this week for a long-planned strategy meeting, refuse to speculate.

But Mr Howard Shields, managing director of the Thai subsidiary, said: "Our concern about the delay and speculation is that a well-formulated and executed project could be derailed at the last minute on a project where the government has specified time is of the essence and we have planned all the steps."

Meanwhile, Shell is continuing with preparatory design work. But the Thai company's concerns have been heightened by reports that Caltex, which was awarded the "consolation" prize of building a smaller (120,000 b/d, fifth refinery in the south, will be allowed to re-site its project on the more commercially attractive eastern seaboard next to Shell's refinery.

Caltex has mounted an aggressive and apparently successful lobbying campaign for such a change since being awarded the fifth refinery deal in March at the same time as Shell's project won provisional go-ahead.

Big business wakes up to Uruguay Round

Chemical industry concern follows long trade involvement, writes Peter Montagnon

WITH BARELY two months to go to the end of the Uruguay Round of multilateral trade negotiations, big business is starting to wake up to the implications of the agreements that could be made on their behalf by trade ministers at their final meeting in Brussels in December.

Foremost among these groups in Europe is the chemical industry, which has long taken an active interest in the Round.

Mr E.W. Meier, adviser to the board of the Dutch concern Akzo, says the industry's concern follows naturally from its deep involvement in international trade. It derives 20 per cent of its turnover from outside the European Community.

Not only has this led the European Chemical Industry Federation (CECIF) to work hard at reaching a common position on the Uruguay Round with its US and Canadian counterparts; it has also held no less than six meetings with the General Agreement on Tariffs and Trade (GATT) in Geneva. Mr Meier says officials there have been surprised by the extent to which it is in favour of trade liberalisation.

Mr Raymond Charbonnel of France's Rhône-Poulenc, adds that CECIF is prepared to go further, with some exceptions, than the European Commission in matching a US offer in

the Round to cut pharmaceutical tariffs to zero. But as it draws up its list of priorities for the final stage of the Round, the main focus has become improving the rules under which international trade operates.

It was led to this conclusion by its growing awareness that trade policy is not a one-way street. An industry active in export markets and with a large home market to defend has to seek rules that will not be turned against it by its overseas competition.

Its main concern is thus to ensure fairness, predictability and transparency in the operation of international rules. On specific issues, it also tends to plump for a middle line which in some cases is less extreme than that espoused by the European Commission in the negotiations.

For example, in the debate over safeguards - measures that can legitimately be employed to protect industries against sudden surges of imports - CECIF says it is in favour of allowing these to be used selectively. But it adds this must still be possible only under carefully controlled conditions. Selective safeguards must be limited in time, and countries which employ them should pay compensation to the exporting country.

The Commission, which has been fighting a lone battle for

Gatt officials have been surprised at how far the European chemical industry favours trade liberalisation

selective safeguards in the Round, goes too far, it believes, in calling for the right for selective safeguards to be imposed provisionally.

"If we are not careful," says Mr David Bricknell, CECIF Director, "we shall fashion a gun that could be used against us and we shall be shot."

Mr Bricknell says that difficulty in pursuing complaints under the safeguards rule has led chemical companies to concentrate more heavily than otherwise on anti-dumping actions. In fact, the number of anti-dumping cases brought by the European chemical industry historically far outstrip those in consumer electronics, even though the latter have attracted much greater publicity.

Now that anti-dumping is also a major part of the Uruguay Round agenda, CECIF is also proposing a middle line. Although it joined in the almost universal condemnation of the first paper on this subject produced by Mr

Charles Carlisle, Deputy Director-General of Gatt, in July, it says it is prepared to see some tightening of the procedures for bringing anti-dumping cases, because it fears the present rules would allow indiscriminate use of this instrument against European exporters by developing countries such as Mexico and Turkey.

It is also keen to see rules written into the Gatt allowing importing nations to take steps to prevent circumvention of anti-dumping duties.

These must, however, take account of the chemical industry's position and not be tailor-made to fit the electronics industry which has been the main source of controversy in this area.

In particular, it is worried that tight rules preventing input dumping would lift the chemical industry which imports many of its raw materials. Its concern lies more in preventing exporters from switching the location of supply to get around dumping duties.

Among its other objectives are a binding dispute settlement system within the Gatt, coupled with an improvement in the quality of panel judgments which Mr Meier believes could be achieved by the co-opting of practical businessmen to Gatt panels.

CECIF officials also say that

they want rules on intellectual property protection, embodying strong provisions for non-discrimination, actually written into the Gatt.

Controversy in this area remains one of the most difficult obstacles to a final agreement, with developing countries implacably opposed.

But Mr Reinhard Quirk of CECIF's legal department says including intellectual property in the Gatt (which would require a two-thirds majority of its membership) would be preferable to a code signed by only a handful of participants.

Gatt members could opt out of this commitment if they wished, but it would still be part of the basic Gatt Articles.

Whether CECIF succeeds in achieving all these objectives remains to be seen. There is strong room for doubt on intellectual property, and its relatively restrictive approach to selective safeguards is likely to meet fierce opposition from both textile exporters and developing countries who do not want any selectivity at all.

Balancing all these different viewpoints in a practical way is now likely to become a major headache for governments as they struggle towards an overall agreement, which, in the tradition of Gatt, has to satisfy everybody by the time the December deadline is reached.

US sets deadline for tariff cut talks

By William Dullforce in Geneva

THE US has set a deadline of November 15 for the conclusion of talks with some 40 countries on reciprocal tariff cuts and the lowering of other import barriers to trade.

The US aim is to speed lagging negotiations in the so-called market access areas in the Uruguay Round trade talks.

The time limit was announced last week at the first joint meeting of four groups which have been discussing separately for the past three and a half years:

- A 35 per cent overall cut in tariffs;
- Cuts in non-tariff barriers such as import quotas and other quantitative curbs;
- Liberalisation of trade in tropical products to benefit developing countries;
- Opening markets for exports of natural-resource based products.

The "market access" area covers Gatt's classical trade liberalising activities, as distinct from new subjects such as intellectual property rights and services introduced in the Uruguay Round.

The area also encompasses crucial talks on world farm trade reform and on liberalising trade in textiles and clothing, where progress still depends on top-level political decisions, primarily in Washington and Brussels.

Last week's joint meeting was intended to find ways of combining the four groups into one barrier-reducing exercise before the Round ends in December.

Mr Julius Katz, Deputy US Trade Representative, complained in July that offers by governments to reduce tariffs amounted to less than half the target set for the Uruguay Round.

By last week, 45 participants, including all major trading blocs, had tabled proposals for cutting their tariffs. Some countries, notably Hong Kong, Indonesia, Malaysia and South Korea had substantially improved their original offers.

But intensive discussions on the exchange of tariff concessions on a bilateral basis were seriously started only two weeks ago and are behind schedule. The European Commission is especially blamed by some negotiators for inability to handle the work-load in Geneva.

In the talks on liberalising the \$110bn (258.5bn) trade in tropical products, 48 participants have submitted proposals going well beyond the partial lowering of barriers agreed at the Round's mid-term review in December, 1988. Some delegations have made their offers conditional on their interests in other areas of the Round being met.

McDonnell seeks partners in new trijet

McDonnell Douglas of the US has asked international aircraft makers to indicate their interest in joining as risk-sharing partners in its new MD12X three-engine commercial airliner project by October 5, Paul Betts reports.

The US company is seeking partners to develop and build the wing and fuselage of the new trijet, a stretched version of its MD11 airliner due to be delivered to its first customers at the end of this year.

McDonnell Douglas would like to launch the MD12X programme formally next year, but this is expected to hinge on its ability to secure the

risk-sharing partners.

The MD12X will be 35ft longer than the 200ft MD11, and will need new wings developed - a particularly costly feature of the project. The US group says it expects to enter discussions with at least two competitors for the separate wing and fuselage deals.

Japanese groups in deal to end amorphous metals row

By Peter Riddell, US Editor, in Washington

JAPANESE companies have agreed to buy large quantities of amorphous metal alloys used in electric power transformers from Allied Signal of New Jersey to resolve a US/ Japanese trade dispute over market access for the product.

Allied Signal had filed a formal complaint claiming that Japanese companies had conspired to block sales of its amorphous metal alloys which it says save a high proportion of the electricity lost in conventional transformers.

The US company alleged that the Tokyo government had persuaded Japanese utilities to defer purchases of such products until locally produced versions were available and

Allied Signal's Japanese patents had expired.

Following lengthy negotiations last week, the US Trade Representative Office's said Allied Signal had indicated it was satisfied with the agreement and would not file a complaint against Japan under the Section 301 provisions of the 1988 Trade Act.

Japanese companies have agreed to purchase amorphous metal alloys to be used in the production of 32,000 electric transformers.

Separately, Allied Signal is holding private talks with Japanese steel producers which may be licensed to use the US company's patents for amorphous metals.

Plan to boost Scandinavian trade

A SCANDINAVIAN currency union aimed at easing Sweden and Norway into the European Monetary System and uniting the currencies of Denmark, Norway and Sweden, has been proposed by Mr Niels Petersen, Denmark's Economy Minister, Ellary Barnes reports from Copenhagen.

Mr Petersen will raise the matter at the annual meeting of the IMF in Washington later this week. A union entailing

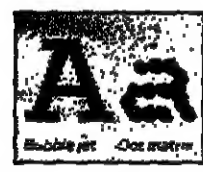
one Krone for all three currencies would increase the credibility of Swedish-Norwegian exchange rate policy and encourage intra-Scandinavian trade, Mr Petersen added.

Denmark is an EC member but Norway and Sweden are not. Economists here say that if Sweden and Norway want the benefits of the EMS, they might do better to seek direct association with it.

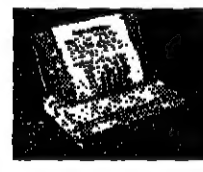
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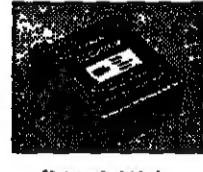
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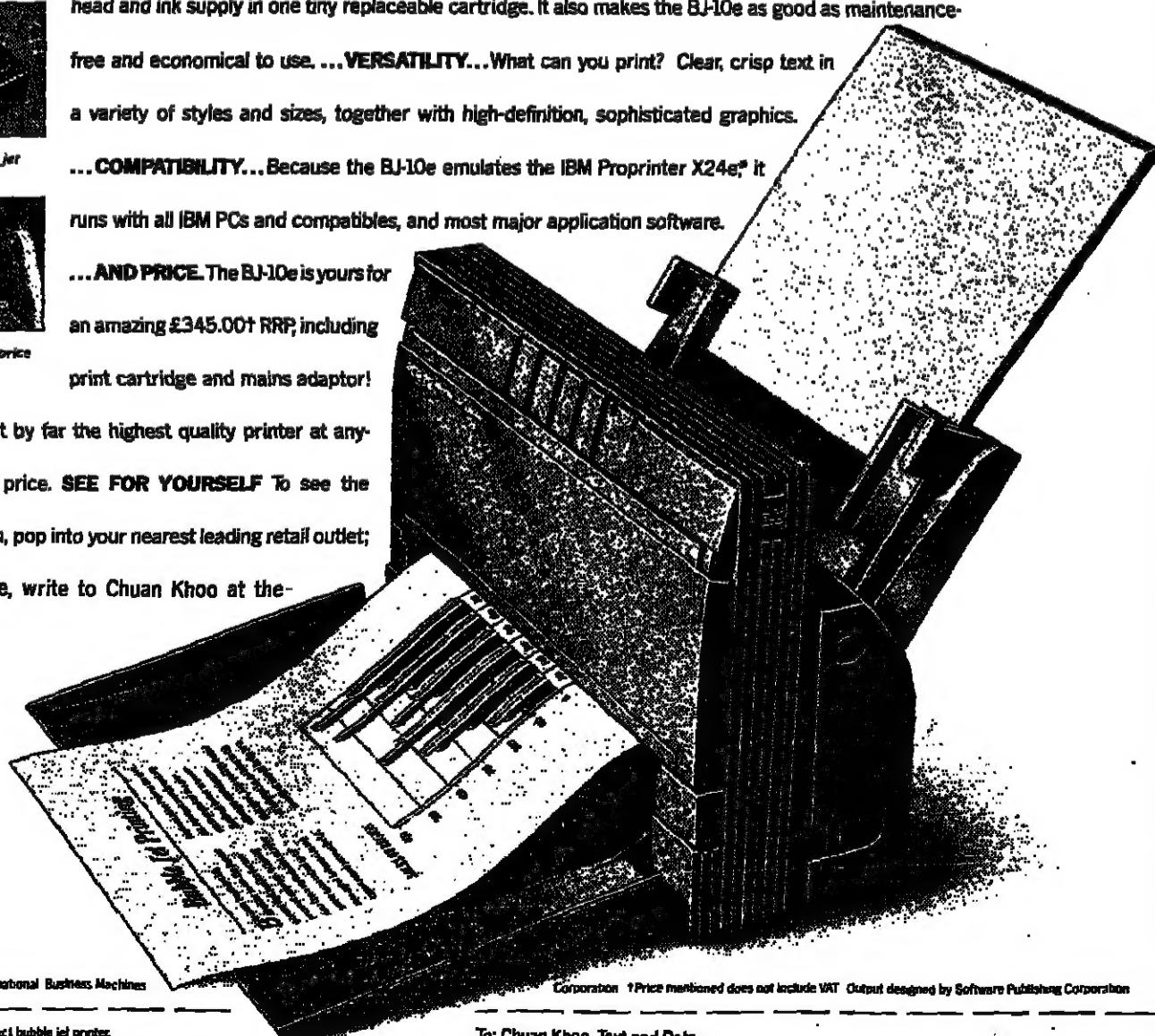
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Taiwan expects growth rate to fall to 4.5%

By John Elliott in Taipei

TAIWAN expects its economic growth rate to fall to about 4.5 per cent this year, which is far lower than had been expected and compares with 7.3 per cent last year.

This was revealed in an interview yesterday by Mr Vincent Siew, minister for economic affairs, who also said that next year's growth could "perhaps be even lower" than 4.5 per cent.

The next 18 months to two years would be "very difficult". This is a dramatic setback for one of Asia's most vibrant economies, which has had 28 years of economic growth averaging 9 per cent a year. Average growth of 6.5 per cent had been projected by the government through the 1990s.

The economy has been hit hard by a six-month slump in Taipei's previously booming stockmarket. This has dramatically cut consumer spending and removed 2.5 to 3 per cent of growth from the growth figures.

Increases in oil prices have further eroded prospects, which were hit earlier by export problems. Export perfor-

mance worsened sharply in the first half of the year when it fell by 0.8 per cent, the first negative figure since the early 1980s.

Mr Siew, who was appointed to his present post three months ago, said the country would "probably have to suffer low growth for one or two years" while it adjusted.

He argued that this could be seen as a "healthy development" because excessive growth and stock market speculation during the past few years had "not been healthy".

He said he hoped that plans to speed up big infrastructure projects would prevent the figure falling below 4.5 per cent next year.

But the government has failed in the past two years to bolster economic growth with these projects, which have been held up by high land prices, shortages of labour and environmental issues.

A special task force had been set up under the chairmanship of Mr Hsu Pei-tsun, the prime minister, to clear blockages delaying the projects.

World airlines queue for Qantas stake in Asia-Pacific expansion

By Paul Betts, Aerospace Correspondent

THE partial privatisation of Qantas, the Australian international airline, and the outright sale of Australian Airlines, the state-owned domestic carrier, is expected to lead to a significant realignment in the international airline industry in the fast growing Asia-Pacific market.

Leading international carriers including British Airways, Lufthansa, American Airlines, United Airlines and Japan Air Lines, are all understood to be interested in acquiring a stake in Qantas to establish a close partnership with the Australian long-distance carrier.

The industry is already bracing itself for what is likely to be fierce competition between these carriers, all seeking to expand global operations and strengthen their competitive position in the Far East, where air travel has been growing at a rate of more than 10 per cent and by 20 per cent and more in some areas such as Japan, Singapore, Hong Kong and Thailand.

BA is considered to be in a particularly strong position to acquire a stake in Qantas. Under the Qantas sell-off proposals approved yesterday by the Australian Labor Party, foreign investors will be able to acquire up to 35 per cent of

the airline. Qantas has made no secret of its interest in establishing a preferential relationship with BA. Talks between the two companies are understood to have already started.

Although BA declined to comment yesterday, Australian officials confirmed there was considerable interest in an association with BA because of the affinities between the two airlines. BA and Qantas already co-operate on engineering. BA also has ties with Australian Airlines, the domestic carrier.

For BA, a stake in Qantas would considerably reinforce its international operations by closing up the existing gap in the Far East in its global network. BA unsuccessfully tried to acquire a stake in Air New Zealand last year, although it subsequently secured an important marketing agreement with the New Zealand carrier.

Qantas has also been looking for strong international partners not only to inject badly needed capital but also to help the carrier compete against the other big and expansion-minded Asian carriers such as Singapore Airlines, Thai Air and the large Japanese carriers.

A partnership between BA and Qantas, which could also include other international carriers to form an important new airline grouping in the Asia-Pacific region, could also help improve the traditionally difficult relations between the UK and the Australian governments over bilateral air service agreements.

However, the UK authorities also risk facing a delicate dilemma since Qantas is anxious to secure rights to Hong Kong. This is likely to be resisted by Cathay Pacific, the Hong Kong-based carrier.

US carriers are also expected to bid for a stake in Qantas. American Airlines is currently seeking to expand in the Asian market and has already reached a marketing agreement with Cathay. United Airlines, which has a marketing agreement with BA, is also said to be looking at Qantas.

But the likely interest of Lufthansa in Qantas could intensify the current rivalry between BA and the West German airline. BA and Lufthansa are already involved in a battle over the future Berlin hub and both are trying to secure a large minority stake in Interflug, the East German carrier. The dog fight could now also be extended to Australia.

Bhutto faces second charge

FORMER prime minister Benazir Bhutto was ordered yesterday to stand trial on a second corruption charge, the state-run news agency said, AP reports from Lahore.

A special one-judge court ruled that Pakistan's army-backed government presented enough evidence to indict the former premier on a second corruption charge.

The civil proceedings are to start on October 9. The corruption charge alleges Ms Bhutto gave lucrative contracts for the distribution of liquefied gas to friends and relatives. A day earlier Justice Rashid Aziz Khan ordered Ms Bhutto, 37, to stand trial on October 2 on another corruption charge, stemming from the alleged illegal sale of government-owned land.

If convicted, Ms Bhutto could be barred from the election on October 24 and from participating in politics for up to seven years. Ms Bhutto is a candidate for the 217-member National Assembly, the powerful law-making lower house of parliament.

Ms Bhutto was not immediately available for comment. However, her aides said she has been in meetings with her legal advisers for much of the time since Sunday's court ruling.

Ms Bhutto has said previously that she will not appear before the tribunals set up to try corruption charges against



Bhutto: order to stand trial

her and her former government. Legal experts say Ms Bhutto could be tried in absentia and held in contempt of court, possibly facing a fine or arrest.

On August 6, President Ghulam Ishaq Khan, using his constitutional powers, dismissed Ms Bhutto's 30-month-old government on charges of corruption, political incompetence and abuse of power.

Four corruption charges — two filed in Lahore and two in her hometown of Karachi — have been filed by the caretaker government before special tribunals.

The two Karachi charges are still pending and expected to

be heard on Saturday. Evidence presented against Ms Bhutto yesterday alleged she gave valuable distribution contracts for the liquefied natural gas to a cousin, among others. The charge accepted on Sunday claims Ms Bhutto approved the sale of 287 acres (115 hectares) of federal land to a London-based company operated by another cousin. The land, which was sold at sharply reduced prices, was to be used for a luxury hotel and resort outside the capital of Islamabad.

Special one-judge tribunals date to the days of Pakistan's military ruler, General Muhammad Zia ul-Haq, to try Ms Bhutto's father, Zulfiqar Ali Bhutto.

Mr Bhutto was overthrown by General Zia in July 1977 and was hanged two years later. President Zia died in August 1988 in a mysterious aircraft crash. Ms Bhutto won elections three months later in the country's first free polls since her father's execution. She became the first woman to lead a modern Muslim nation.

Since her dismissal, Ms Bhutto's military-backed successors have launched a campaign to portray her administration as the most corrupt in Pakistan's 43-year history.

But several Pakistani and foreign diplomats have criticised the tribunals as blatantly one-sided.

NEWS IN BRIEF

Liberian rebel leader to organise elections

LIBERIAN rebel leader Mr Charles Taylor said yesterday he would organise general elections in Liberia for October 10, but a senior official of the peacekeeping force now in the country scoffed at the proposal, Reuters reports from Freetown.

Mr Taylor said during a BBC radio interview that elections would be open to opposition groups including a breakaway rebel faction under Prince Johnson. "We are sending 10 members from our delegation to meet with the other (Johnson's) faction to begin to discuss bringing this country back to normal."

But in Freetown in neighbouring Sierra Leone, a senior official with the Economic Community of West African States (ECOWAS) peacekeeping force said: "It's not a serious proposition. What does Taylor control? How many children attend school on his side, how many hospitals are open?"

Angola peace talks resume

Angola's Government and UNITA rebels resumed peace talks yesterday amid hopes that the presence of US and Soviet observers would help to unblock an impasse and end 15 years of war, Reuters reports from Lisbon.

Officials at this fourth round of negotiations said UNITA and government officials were holding informal contacts at a secret venue near Lisbon. Full talks were set to begin today with representatives of Washington and Moscow — backers respectively of UNITA and the Angolan government — on hand to give advice on any eventual truce.

Seoul hopes for links with North

South Korea will seek agreements on transport and telecommunications links and on economic exchanges at forthcoming premiers' talks with North Korea, an official said yesterday, AP-DN reports from Seoul.

The Seoul Government also hopes North Korea will agree to open telephone hot lines between high-ranking military officers and agree to prior notification of military manoeuvres, said Mr Lee Jin, chief secretary to the Prime Minister.

Earthquake hits Iranian city

An earthquake measuring 5 on the open-ended Richter scale jolted the city of Ardebil in Iran's East Azarbaijan province yesterday, the official Islamic Republic News Agency reported, Reuters reports from Nicotia.

Kenya murder report finished

A British detective who spent more than three months investigating the slaying in February of Kenya's foreign minister yesterday handed his voluminous report to the attorney general, Reuters reports from Nairobi.

Communists end Philippine ceasefire

COMMUNIST guerrillas in the Philippines have ended a limited truce with President Corason Aquino's government and said they will step up their 21-year insurgency, writes Greg Hutchison in Manila.

Mr Romulo Kintanar, chief of staff of the New People's Army yesterday said Friday's 25 per cent rise in retail oil prices and violent police action to disperse protests against US military bases for the rebels' change of heart.

The ceasefire covered Metropolitan Manila, Mountain Province, Baguio city, Benguet and Nueva Viscaya — northern areas strongly affected by last July's powerful earthquake. The NPA started the ceasefire unilaterally after the July 16 earthquake.

The government followed up on September 13 with a belated bid to revive the peace process with the Marxist rebels, stalled since January 1987 when a two-month ceasefire and peace conference broke down after soldiers killed 12 people during student and labour demonstrations.

Yesterday, protesters opposing Friday's oil price rise took to the streets of the capital. Public transport was hit by a minibus drivers' strike. Schools were suspended for a second day today as teachers join the protests.

The government is also under pressure from a bombing campaign by rightist military rebels who now appear to be targeting hotel rooms in the capital.

Meanwhile, a 25 per cent rise was announced yesterday in minibus fares, the first of many price rises expected to flow from the government's decision to raise oil prices.



Surrounded by singing supporters, Mrs Winnie Mandela (second left) yesterday appeared in Soweto Magistrate's court on four charges of kidnapping and four of assault with intent to do grievous bodily harm, writes Philip Gwath in Johannesburg. She was accompanied by her husband, Mr Nelson Mandela

and three others. The original trial date of October 30 was postponed when Mrs Mandela's attorney, Mr Ismail Ayob, successfully argued that she would suffer "substantial prejudice" since it would leave her defence less than two weeks in which to prepare a case.

De Klerk in Washington, Page 10

UN hopeful for new boat people scheme

By Angus Foster in Hong Kong

THE United Nations High Commission for Refugees hopes the first batch of "non-volunteer" boat people will be returned to Vietnam from Hong Kong by the end of next month.

This follows agreement between Vietnam, Britain, Hong Kong and the commission to create a new category of boat people who have been "screened out" as illegal immigrants rather than genuine refugees.

The new category will cover boat people who have not volunteered to return but do not actively oppose repatriation. Details of the new scheme have yet to be worked out.

Hong Kong hopes the agreement will restore the number of non-refugees returning to Vietnam to its target of 1,000 a month. An existing scheme

Hong Kong has relaxed immigration rules for mainland Chinese passport holders in a bid to ease the effects of the colony's mounting "brain drain", Angus Foster writes.

Hong Kong will now allow holders of Chinese passports who have lived in a third country for more than two years, and possess a special skill not available in Hong Kong, to work in the colony.

The brain drain is being

blamed for a widely perceived management and skills shortage in Hong Kong. This year more than 90,000 people are expected to leave in search of a foreign passport ahead of 1997 and Hong Kong's return to Chinese sovereignty.

The number of applicants following the change in the rules is expected to be small because most mainland Chinese are discouraged from travelling or living abroad.

covering voluntary returnees

has been losing momentum. Between February and August about 400 boat people volunteered each month.

But Mr Jamshed Anvar, the new director for the commission's Asia and Oceania bureau, admitted it was not yet clear whether such a category

of non-volunteers existed. He said there were two schools of thought on the matter, with one school saying the category was "imaginary".

"There are others who genuinely believe this group exists and we now have to test it," he said.

He said counsellors would actively seek out boat people in the new category. Such people might not see returning to Vietnam as "ideal", he said, but they would not actively oppose going back.

Hong Kong has more than 44,000 boat people in camps scattered around the colony. Nearly 13,000 boat people have been screened out as illegal immigrants.

According to some observers, the difference between mandatory repatriation, the term used by the British and Hong Kong governments to describe forced returns, and returning non-volunteers is a question of semantics.

But Mr Anvar insisted the return of non-volunteers did not amount to mandatory repatriation. "Mandatory repatriation gives people no choice, this [new agreement] gives people the choice to say no," he said.

Indian students continue protest

A COLLEGE student set himself ablaze yesterday at a crowded intersection as protests against the job quota policy of Mr V.P. Singh, the Indian prime minister, entered their eighth week, AP reports from New Delhi.

Two other people attempted self-immolation in Jaipur, 300 km southwest of New Delhi, United News of India said.

In New Delhi, Surinder Singh Chauhan, 29, doused himself with fuel from a motor cycle and immolated himself, witnesses said. A doctor at the nearby hospital where he was taken said he was unlikely to live through the night.

The students claim the government has set a policy of reverse discrimination by reserving desirable government jobs for low caste Indians.

Kaunda accepts multi-party system calls

By Mike Hall in Lusaka

PRESIDENT Kenneth Kaunda, opening a five-day session of his ruling party's National Council yesterday, recommended the re-introduction of a multi-party system and the cancellation of a referendum scheduled for next year.

The two-month old Movement for Multi-party Democracy immediately welcomed the statement. Mr Arthur Wina, the Movement's chairman, said: "It amounts to the achievement of our agenda."

President Kaunda said campaigning in the lead up to the referendum was dividing the nation: "I see bloodshed at the end of the road and I see disaster for the country. He went on: "Let us make these people who are now hiding behind empty multi-party slogans, who are shielding behind false accusations of oppression by UNIP, sit down and think what it is like to run a real political party."

Mr Kaunda recommended to the 600 delegates, most of whom are appointed by him, that a commission be set up to determine what constitutional amendments are needed.

on, and are hired out to other farmers, which collectively make them economically viable even for small farmers.

Industry optimism has also been fuelled by a recent survey showing that farmers have a remarkably good record in repaying loans.

Because ownership of tractors will not only increase their productivity and incomes from agriculture but will also bring earnings from other uses of the machines, both government officials and representatives of the tractor industry are confident that their plans for a rapid expansion of manufacturing are soundly based.

The tractor industry is thus on the verge of rapid growth, hopefully with spill-over effects on agricultural production.

Although Mahindra and Mahindra of Bombay (with an 18 per cent market share) and Eicher are the largest tractor companies and will be among the first to modernise and expand, other companies are expected to cash in on the increased demand for tractors.

In the process, Mr Lal's scheme to promote small tractors is likely to fall by the wayside — the industry and officials agree that what works in China will not necessarily work in India.

Meanwhile, the boom will continue for multi-purpose medium-sized and large tractors for which the Indian farmer has shown a marked preference.

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British Gas advises its contract gas customers of revisions to price Schedules

With effect from 1st October 1990 British Gas is revising its F13, MT1 and ST1 Schedules to incorporate changes to the pricing system for firm gas. Terms and conditions for interruptible gas remain unchanged. The updated Schedules will bear the reference F14, MT2 and ST2. Copies of these Schedules are available from the Registered and Regional Head Offices of British Gas plc.

CONTRACT GAS PRICING SCHEDULES FIRM AND INTERRUPTIBLE GAS

Part F14
Effective from Meter Reading date at the customer's premises on or nearest to 1st October 1990.
This Schedule F14 supersedes but is similar in format and terms to F13 effective from 1st March 1990 except that the first 25,000 therms of firm gas consumed at each premises in each contract year will be subject to an Initial Block Price. The Addendum published on 3rd August, 1990 titled "Monthly Charges" is also now included.
Pursuant to Condition 5 of its Authorisation, British Gas will enter into Special Agreements (contracts) with customers under this Schedule F14 for the supply of gas through pipes to premises which they own or occupy, each premises consuming in excess of 25,000 therms per annum in the case of firm supplies of gas or 200,000 therms per annum in the case of interruptible supplies of gas, on the prices and terms shown in this Schedule subject to the conditions of contract. The prices and terms shown do not apply to supplies contracted under Schedules CSPI, CSPI2, F12, F13, MT1, MT2, ST1, ST2 and LTH, back-up gas or to other forms of supply identified in Condition 5 of British Gas' Authorisation.
The prices shown in this Schedule F14 shall apply to gas supplied under standard "Scheduled Prices" contracts entered into on or after 1st October 1990 for firm or interruptible gas, and this Schedule replaces the Contract Gas Pricing Schedule F13. Under the contract, customer will nominate the annual consumption for the selected type of supply which will determine the Scheduled Reference Price, comprising a Monthly Charge and a price per therm, for a standard contract. Notwithstanding this, the Initial Block Price will determine the price of gas for the first 25,000 therms of firm gas consumed at each premises in each contract year. Contracts will contain clauses giving effect to maximum consumption levels and allowing the charges for gas actually consumed to be reconciled against the nominated annual consumption. Reconciliation will normally take place at the anniversary date of the contract. (See Note 2).
The Scheduled Reference Prices, the Initial Block Price and other terms shown in this Schedule F14 will be modified at the discretion of British Gas. Publication of revised prices and other terms may not take place within 28 days of the previously published schedule without the consent of the Director General of Gas Supply (DGS).
The Initial Block Price for firm contracts and the Scheduled Reference Prices for firm and interruptible contracts are shown under "Firm Gas" and "Interruptible Gas" below respectively. Customers may choose alternatives to the standard contract terms by selecting optional terms (a) differing length of contract and methods of contract price movement (during the contract). The optional terms available and the price variations in respect of firm gas contracts are shown at 1 (b) (i), and in respect of interruptible gas contracts are shown at 2 (b) in this Schedule.
Copies of Schedules and conditions of contract are available from the Registered and Regional Head Offices of British Gas.

1. Firm Gas

- (a) **Initial Block Price:**
The price of gas for the first 25,000 therms consumed at each premises in each contract year shall be 40.96 p/therm. This price will be revised from time to time and will be applied in accordance with the contract terms.
(b) **Scheduled Reference Price:**
The price for gas consumed in excess of 25,000 therms at each premises in each contract year will comprise a Monthly Charge (C) and a price per therm (P/therm).
(c) **Standard Terms:** The Scheduled Reference Prices for the nominated annual consumption levels under standard firm gas contracts are given in Table 1. These prices will move in line with the Schedule as published from time to time and will be applied in accordance with the contract terms.

Table 1: Firm Gas - Scheduled Reference Price - Standard Terms

Volume Band	1	2	3	4	5	6	7	8	9	10	11	12
Nominated Consumption (therms/annum)	25,001 to 50,000	50,001 to 75,000	75,001 to 100,000	100,001 to 125,000	125,001 to 150,000	150,001 to 175,000	175,001 to 200,000	200,001 to 225,000	225,001 to 250,000	250,001 to 275,000	275,001 to 300,000	Greater than 300,000
Monthly Charge (C)	57	67	76	85	94	103	112	121	130	139	148	157
Price per therm (P)	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50

- (d) **Optional Terms:** the options available and the price variations to the Scheduled Reference Price - Standard Terms are given below:
(i) **Extended contract to 2 years:** No extra charge.
(ii) **Price fixed for contract period:** 1 year contract + 3% 2 year contract + 7%
(iii) **Price indexed for 1 year or 2 years:** No extra charge.
(iv) **Index 50% FPA, 50% Gas Oil (See Note 4):** Index 50% FPA, 50% Gas Oil (See Note 4).
(e) **Seasonal Pricing Factors:** the seasonal pricing factors shown in Table 2 will be applied in the months shown by the application of the seasonal pricing factors contained in Table 2.

Table 2: Seasonal Pricing Factors

Month	Factor
December, January, February and March	1.0
April, May, October and November	0.95
June, July, August and September	0.85

2. Interruptible Gas

- (a) **Standard Terms of an Interruptible Gas Contract:**
Gas supplied under a contract of 1 year duration to single or multiple premises of the customer, each premises consuming in excess of 200,000 therms per annum. Scheduled Reference Prices will comprise a Monthly Charge (C) and a price per therm (P/therm). There are three forms of standard interruptible contract from which the customer may choose. These are differentiated by their potential periods of interruption within a contract year. The periods of interruption, which will occur at British Gas' discretion and may or may not be continuous, are:
(i) **Short Period:** interruption for a minimum period of 7 days and up to a maximum of 35 days.
(ii) **Medium Period:** interruption for a minimum period of 7 days and up to a maximum of 63 days.
(iii) **Long Period:** interruption for a minimum period of 7 days and up to a maximum of 90 days.
The minimum periods of interruption under each form of interruptible contract under this Schedule shall be suspended in accordance with Note 10.
For each type of interruptible contract, the twice monthly charges and the prices per therm will move in line with the Schedule as published from time to time. If necessary, at the commencement of each contract month, the contract prices will be adjusted to the appropriate monthly charges and prices per therm given in the published Schedule operating at that date.
The Scheduled Reference Prices for the nominated annual consumption level under the respective standard interruptible contract is given in Tables 3, 4 and 5.

Table 3: Short Period Interruptible - Scheduled Reference Price

Volume Band	1	2	3	4	5	6	7	8
Nominated Consumption (therms/annum)	200,001 to 250,000	250,001 to 300,000	300,001 to 350,000	350,001 to 400,000	400,001 to 450,000	450,001 to 500,000	500,001 to 550,000	Greater than 550,000
Monthly Charge (C)	328	311	224	374	1124	1624	2027	2434
Price per therm (P)	26.00	27.30	25.00	24.70	22.50	22.20	21.60	21.50

Table 4: Medium Period Interruptible - Scheduled Reference Price

Volume Band	1	2	3	4	5	6	7	8
Nominated Consumption (therms/annum)	200,001 to 250,000	250,001 to 300,000	300,001 to 350,000	350,001 to 400,000	400,001 to 450,000	450,001 to 500,000	500,001 to 550,000	Greater than 550,000
Monthly Charge (C)	427	1,177	2,200	3,467	12,177	17,177	20,344	24,344
Price per therm (P)	26.00	24.80	23.50	22.80	21.70	21.40	21.00	20.90

Table 5: Long Period Interruptible - Scheduled Reference Price

Volume Band	1	2	3	4	5	6	7	8
Nominated Consumption (therms/annum)	200,001 to 250,000	250,001 to 300,000	300,001 to 350,000	350,001 to 400,000	400,001 to 450,000	450,001 to 500,000	500,001 to 550,000	Greater than 550,000
Monthly Charge (C)	760	1,580	3,170	4,959	7,200	7,942	9,925	9,925
Price per therm (P)	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50

- (b) **Optional Terms at Customer's Choice for an Interruptible Contract:**
The options available and the price variations to the Scheduled Reference Prices are given below:
(i) **Extended contract to 2 years:** No extra charge.
(ii) **Price fixed for contract period:** 1 year contract + 3% 2 year contract + 7%
(iii) **Price indexed for 1 year or 2 years:** No extra charge.
(iv) **Index 50% FPA, 50% Gas Oil (See Note 4):** Index 50% FPA, 50% Gas Oil (See Note 4).
(c) **Seasonal Pricing Factors:** the seasonal pricing factors shown in Table 2 will be applied in the months shown by the application of the seasonal pricing factors contained in Table 2.

- (d) **Uninterruptible Agreement:**
An Uninterruptible Agreement is available, and is applicable to two or more contracts of any type contracted under the terms of this Schedule F14. Schedule CSPI as may be varied by Schedule CSPI2, together with contracts under Schedules F12, F13, MT1, MT2, ST1 and ST2. This Uninterruptible Agreement will determine the percentage reductions to be applied for gas consumed at all of the premises under the Agreement taking into account the annual payments made for gas consumed and the annual consumption of gas for all the premises under the Agreement. Payments and the consumption of gas for premises which do not reach the firm contract gas threshold of 25,000 therms per annum or the interruptible contract gas threshold of 200,000 therms per annum at the normal contract reconciliation date will not be included in the calculation. A single calculation and payment will be made after each anniversary date of the Uninterruptible Agreement or on its termination.
The percentage reduction for each band of gas consumed within each twelve month period of the Uninterruptible Agreement is shown in Table 6.

Table 6: Percentage reductions to be applied for incremental band of gas to the annual payments made for gas consumed at premises covered by an Uninterruptible Agreement

Band	1	2	3	4	5	6	7	8	9	10	11	12
Percentage Reduction	0	0.1	0.15	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

General Notes

1. **Conditions of Contract:**
The terms given in this Schedule summarise elements of the conditions of contract and the way in which they will be applied. They are not exhaustive and cannot take precedence over, or modify, any of the terms and conditions of the contract entered into by any individual customer.
2. **Reconciliation:**
Changes for gas will be based on the actual annual consumption. In the event that the actual consumption would have placed the customer in a different volume band than that of his nominated consumption, including taking account of any variation in the number of premises, then a reconciliation exercise will be undertaken to adjust retrospectively charges for gas consumed in any contract year. Reconciliation will be made at the anniversary date of the contract or the termination of the contract, whichever is earlier. In the event of reconciliation the actual annual consumption will generally be taken as the nominated consumption for an ongoing or renewal contract. If under an interruptible contract the supply has been interrupted at the discretion of British Gas then an allowance will be calculated for the days interrupted in ascertaining the actual consumption for the purpose of reconciliation.
3. **Multiple Premises:**
(a) A contract will be available for a firm supply of gas to be consumed at more than one premises owned or occupied by the customer or its subsidiary and/or affiliated companies provided each premises consumes more than 25,000 therms per annum.
(b) A contract will be available for an interruptible supply of gas to be consumed at more than one premises owned or occupied by the customer or its subsidiary and/or affiliated companies provided each premises consumes more than 200,000 therms per annum. The contract will be available for a multiple premises contract which will be available in respect of related supplies historically treated as aggregate under a pre-existing group arrangement and aggregating more than 200,000 therms per annum.
(c) The purposes of notes 3(a) and 3(b) above and Uninterruptible Agreements, Subsidiary companies are as defined under section 736 of the Companies Act 1985, and affiliated companies are as defined in the contract by reference to the common control of the customer and British Gas, taking the definitions of control set out in Section 302(2) (a) and (c) of the Income and Corporation Taxes Act 1970.
4. **Index-Linked Contracts:**
The reference for index will be:
FPA: HM Central Statistical Office Digital, Gas Oil: Heavy Fuel Oil: Platt's Oilgram.
British Gas will, on a monthly basis for interruptible contracts and firm contracts, notify customers with index-linked contracts of the variations in the value of these indices.
Index-linked interruptible contracts entered into under this Schedule F14 containing index-linked contracts will contain top and bottom step prices. The top step will be 5 p/therm above the single premises price in volume band 1, and the bottom step will be 5 p/therm below the single premises price in volume band 8 as shown in Tables 3 and 4. Medium period and long period interruptible gas contracts are exempted.
5. **New Supply Contracts:**
Contracts will be entered into for future supplies of gas provided gas consumption commences within the period of the contract. The supply period starts on the date that the contract is signed and the price ruling at the time gas is consumed will be calculated in accordance with the method of price determination chosen by the customer when entering into the contract.
6. **Interruption:**
The price in this Schedule are exclusive of Value Added Tax, or any other tax, duty or impost.
7. **Reconciliation:**
Customers may not enter into a contract for the supply of gas, whether firm or interruptible, under this Schedule in substitution of a supply of gas already contracted with British Gas under the Schedule or any other Schedule unless agreed by both parties to the contract.
8. **Customer's Financial Status:**
Before entering into a contract with a potential customer, British Gas may require the customer to evidence that he has the financial capability to meet his prospective contractual obligations and that he discharges promptly his payment obligations, failing which a security deposit and/or direct debiting arrangement.
9. **Pressure:**
The pressure at which British Gas supplies gas may vary at different parts of the gas supply system. British Gas will supply gas to a customer at a pressure above the statutory minimum level if this is inevitable at the point of supply. British Gas will use reasonable endeavours to maintain gas pressure at the statutory minimum level if British Gas expects the supply pressure to reduce to a lower level permanently than that shown in 24 months written notice will be given.
10. **Interruption:**
Notwithstanding to the rights of British Gas to interrupt supplies of gas provided in accordance with "2. Interruptible Gas" the requirement for a minimum period of interruption shall be deemed to have been suspended unless and until at least three months have elapsed from the giving of British Gas' notice under the contract with the customer of its intention to implement such minimum period of interruption.
11. **Monthly Charges:**
Where a customer on request, in respect of any month in which the customer does not consume gas at any premises, the monthly charge or in the case of multiple-premises Agreements, the appropriate proportion thereof, will be debited until reconciliation which will take place at the end of each of the customer's contract years or at earlier termination of the Agreement.
12. **Connection Costs - New Supplies:**
British Gas will make an allowance towards the capital cost of connection of the gas supply to the customer's premises in order to deliver his Nominated Consumption of gas. Such cost will include pipes, apparatus and retaining equipment but exclude outfall supplies beyond the property meter. The customer may also be asked to make a contribution to the cost as required under the contract. The allowance will be at the following rates providing such allowances do not exceed the capital cost of connection and does not result in the supply being uneconomic in accordance with Section 5 of the Gas Act 1986.
Firm Gas Connections: £120 per thousand therms of Nominated Consumption.
Interruptible Gas Connections: £50 per thousand therms of Nominated Consumption.

CONTRACT GAS PRICING SCHEDULES FIRM AND INTERRUPTIBLE GAS

Part MT2
Effective from Meter Reading date at the customer's premises on or nearest to 1st October 1990

This Schedule MT2 supersedes but is similar in format and terms to Schedule MT1 effective from 1st April 1990 except that the first 25,000 therms of firm gas consumed at each premises in each contract year will be subject to an Initial Block Price. The Addendum published on 3rd August, 1990 titled "Monthly Charges" is also now included.
Pursuant to Condition 5 of its Authorisation, British Gas will enter into Special Agreements (contracts) with customers under this Schedule MT2 for the supply of gas through pipes to premises which they own or occupy, each premises consuming in excess of 25,000 therms per annum in the case of firm supplies of gas or 200,000 therms per annum in the case of interruptible supplies of gas, on the prices and terms shown in this Schedule subject to the conditions of contract. The prices and terms shown do not apply to supplies contracted under Schedules CSPI, CSPI2, F12, F13, MT1, MT2, ST1, ST2 and LTH, back-up gas or to other forms of supply identified in Condition 5 of British Gas' Authorisation.
The prices shown in this Schedule MT2 shall apply to gas supplied under Medium Term contracts entered into on or after 1st October 1990 for firm or interruptible gas, and this Schedule replaces the Contract Gas Pricing Schedule MT1. The Initial Block Price for firm contracts and the Basic Scheduled Reference Prices for firm and interruptible contracts are shown at "1. Firm Gas" and "2. Interruptible Gas" below respectively. Such prices, except the Initial Block Price, will vary in accordance with the number of premises involved and the specific type of interruption chosen by the customer.

Under the contract a customer will nominate for each Contract Year his annual consumption for his selected type of supply which will determine the Basic Scheduled Reference Price, comprising a Monthly Charge and a price per therm. Notwithstanding this, the Initial Block Price will determine the price of gas for the first 25,000 therms of firm gas consumed at each premises in each contract year. Contracts will contain clauses giving effect to maximum payments and maximum consumption levels and allowing the charges for gas actually consumed to be reconciled against the Nominated Consumption. Reconciliation will normally take place at the end of each Contract Year (See Note 3). For contracts in excess of 5 Contract Years duration, the pricing options will be reviewed at the end of the 5th Contract Year. The customer will then select from the following pricing options for the remaining period of the contract:
(a) The Basic Scheduled Reference Price will be re-established in accordance with the terms of Schedule MT2 or such Schedule as may prevail at that time or succession to MT2. The customer will then select a specific type of interruption term from those available in that successor Schedule.
(b) The price of gas will be determined by the then prevailing Schedule or British Gas regime of prices and terms of supply applicable to the customer's type of supply.
If the customer does not exercise such choice the contract will be terminated forthwith.

Publication of revised prices and other terms may not take place within 28 days of the previously published MT2 Schedule without the consent of the Director General of Gas Supply (DGS).
Copies of the Schedule and conditions of contract are available from the Registered and Regional Head Offices of British Gas.

1. **Firm Gas**
(a) **Initial Block Price:**
The price of gas for the first 25,000 therms consumed at each premises in each contract year shall be 40.96 p/therm. This price will be revised from time to time and will be applied in accordance with the contract terms.
(b) **Basic Scheduled Reference Price:**
The price for gas consumed in excess of 25,000 therms at each premises in each contract year will comprise a Monthly Charge (C) and a price per therm (P/therm).
(c) **Standard Terms:** the Basic Scheduled Reference Prices for the nominated annual consumption levels under Medium Term firm gas contracts are given in Table 1.

Table 1: Firm Gas - Basic Scheduled Reference Price

Volume Band	1	2	3	4	5	6	7	8	9	10	11	12
Nominated Consumption (therms/annum)	25,001 to 50,000	50,001 to 75,000	75,001 to 100,000	100,001 to 125,000	125,001 to 150,000	150,001 to 175,000	175,001 to 200,000	200,001 to 225,000	225,001 to 250,000	250,001 to 275,000	275,001 to 300,000	Greater than 300,000
Monthly Charge (C)	57	67	76	85	94	103	112	121	130	139	148	157
Price per therm (P)	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50

- (d) **Optional Terms:** the options available and the price variations to the Scheduled Reference Price - Standard Terms are given below:
(i) **Extended contract to 2 years:** No extra charge.
(ii) **Price fixed for contract period:** 1 year contract + 3% 2 year contract + 7%
(iii) **Price indexed for 1 year or 2 years:** No extra charge.
(iv) **Index 50% FPA, 50% Gas Oil (See Note 4):** Index 50% FPA, 50% Gas Oil (See Note 4).
(e) **Seasonal Pricing Factors:** the seasonal pricing factors shown in Table 2 will be applied in the months shown by the application of the seasonal pricing factors contained in Table 2.

Table 2: Seasonal Pricing Factors

Month	Factor
December, January, February and March	1.0
April, May, October and November	0.95
June, July, August and September	0.85

- (f) **Uninterruptible Agreement:**
An Uninterruptible Agreement is available, and is applicable to two or more contracts of any type contracted under the terms of this Schedule MT2. Schedule CSPI as may be varied by Schedule CSPI2, together with contracts under Schedules F12, F13, MT1, MT2, ST1 and ST2. This Uninterruptible Agreement will determine the percentage reductions to be applied for gas consumed at all of the premises under the Agreement taking into account the annual payments made for gas consumed and the annual consumption of gas for all the premises under the Agreement. Payments and the consumption of gas for premises which do not reach the firm contract gas threshold of 25,000 therms per annum or the interruptible contract gas threshold of 200,000 therms per annum at the normal contract reconciliation date will not be included in the calculation. A single calculation and payment will be made after each anniversary date of the Uninterruptible Agreement or on its termination.
The percentage reduction for each band of gas consumed within each twelve month period of the Uninterruptible Agreement is shown in Table 6.

Table 3: Short Period Interruptible - Basic Scheduled Reference Price

Volume Band	1	2	3	4	5	6	7	8
Nominated Consumption (therms/annum)	200,001 to 250,000	250,001 to 300,000	300,001 to 350,000	350,001 to 400,000	400,001 to 450,000	450,001 to 500,000	500,001 to 550,000	Greater than 550,000
Monthly Charge (C)	328	311	224	374	1124	1624	2027	2434
Price per therm (P)	26.00	27.30	25.00	24.70	22.50	22.20	21.60	21.50

Table 4: Medium Period Interruptible - Basic Scheduled Reference Price

Volume Band	1	2	3	4	5	6	7	8
Nominated Consumption (therms/annum)	200,001 to 250,000	250,001 to 300,000	300,001 to 350,000	350,001 to 400,000	400,001 to 450,000	450,001 to 500,000	500,001 to 550,000	Greater than 550,000
Monthly Charge (C)	427	1,177	2,200	3,467	12,177	17,177	20,344	24,344
Price per therm (P)	26.00	24.80	23.50	22.80	21.70	21.40	21.00	20.90

- (b) **Optional Terms at Customer's Choice for an Interruptible Contract:**
The options available and the price variations to the Scheduled Reference Prices are given below:
(i) **Extended contract to 2 years:** No extra charge.
(ii) **Price fixed for contract period:** 1 year contract + 3% 2 year contract + 7%
(iii) **Price indexed for 1 year or 2 years:** No extra charge.
(iv) **Index 50% FPA, 50% Gas Oil (See Note 4):** Index 50% FPA, 50% Gas Oil (See Note 4).
(c) **Seasonal Pricing Factors:** the seasonal pricing factors shown in Table 2 will be applied in the months shown by the application of the seasonal pricing factors contained in Table 2.

- (d) **Uninterruptible Agreement:**
An Uninterruptible Agreement is available, and is applicable to two or more contracts of any type contracted under the terms of this Schedule MT2. Schedule CSPI as may be varied by Schedule CSPI2, together with contracts under Schedules F12, F13, MT1, MT2, ST1 and ST2. This Uninterruptible Agreement will determine the percentage reductions to be applied for gas consumed at all of the premises under the Agreement taking into account the annual payments made for gas consumed and the annual consumption of gas for all the premises under the Agreement. Payments and the consumption of gas for premises which do not reach the firm contract gas threshold of 25,000 therms per annum or the interruptible contract gas threshold of 200,000 therms per annum at the normal contract reconciliation date will not be included in the calculation. A single calculation and payment will be made after each anniversary date of the Uninterruptible Agreement or on its termination.
The percentage reduction for each band of gas consumed within each twelve month period of the Uninterruptible Agreement is shown in Table 6.

Table 6: Percentage reductions to be applied for incremental band of gas to the annual payments made for gas consumed at premises covered by an Uninterruptible Agreement

Band	1	2	3	4	5	6	7	8	9	10	11	12
Percentage Reduction	0	0.1	0.15	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0

Table 7: Long Period Interruptible - Basic Scheduled Reference Price

Volume Band	1	2	3	4	5	6	7	8
Nominated Consumption (therms/annum)	200,001 to 250,000	250,001 to 300,000	300,001 to 350,000	350,001 to 400,000	400,001 to 450,000	450,001 to 500,000	500,001 to 550,000	Greater than 550,000
Monthly Charge (C)	760	1,580	3,170	4,959	7,200	7,942	9,925	9,925
Price per therm (P)	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50

- (b) **Optional Terms at Customer's Choice for an Interruptible Contract:**
The options available and the price variations to the Scheduled Reference Prices are given below:
(i) **Extended contract to 2 years:** No extra charge.
(ii) **Price fixed for contract period:** 1 year contract + 3% 2 year contract + 7%
(iii) **Price indexed for 1 year or 2 years:** No extra charge.
(iv) **Index 50% FPA, 50% Gas Oil (See Note 4):** Index 50% FPA, 50% Gas Oil (See Note 4).
(c) **Seasonal Pricing Factors:** the seasonal pricing factors shown in Table 2 will be applied in the months shown by the application of the seasonal pricing factors contained in Table 2.

Table 8: Seasonal Pricing Factors

Month	Factor
December, January, February and March	1.0
April, May, October and November	0.95
June, July, August and September	0.85

Moscow told 100 metal ventures may fold

By Quentin Peel in Moscow

MORE than 100 large-scale Soviet metal enterprises will not survive without operating subsidies in a market system, leaders of the Soviet Union's huge metallurgical industry warned yesterday.

More than 50 general directors or chief engineers of the country's biggest iron and steel works called on President Mikhail Gorbachev, the Soviet leader, to preserve the industry's centralised co-ordination and distribution system, or face the virtual collapse of the sector.

They said that the latest plans for a crash transition from the centrally-planned Soviet system to a market economy, like the 500-day Shatalin plan backed by Mr Gorbachev and Mr Boris Yeltsin, the Russian president, fail to make any allowance for the Soviet metallurgical industry.

Their appeal, printed in full in Pravda, the Communist Party newspaper, underlines the potentially traumatic upheaval faced by major sectors of the Soviet economy in transition to a market system. "As a result of abolishing all (central) finance distribution mechanisms within the industry, it will be difficult to keep going all those enterprises which are economically ineffi-



Leningrad's mayor, Anatoly Sobchak, yesterday urged the Supreme Soviet to go for radical reform

cient, but absolutely necessary to normal development of metallurgical enterprises," the directors say. "More than 100 enterprises will need subsidies to support their main activity, and more than 200 enterprises to finance their necessary capital investments."

The appeal to the president came as the Supreme Soviet in

Lenin's mayor, Anatoly Sobchak, yesterday urged the Supreme Soviet to go for radical reform. Moscow granted Mr Gorbachev new powers to impose economic reform by decree, and agreed that a radical switch to a market economy was essential.

The industry developed as a single industrial complex for decades, the directors said. Much of it was created in the crash heavy-industry pro-

gramme of the late 1920s and 1930s instituted under Josef Stalin. The industry was based on centralised management, supply, construction and financing, with a high degree of integration between different enterprises.

"The industry's centralised co-ordination remains an objective necessity, but such co-ordi-

nation is not envisaged by the planned economic reforms."

The directors insisted that they still believed in transition to a market economy as "the only way to develop the national economy," and also supported the transformation of their state enterprises into joint-stock companies, combining shareholding with state ownership.

However they said the state must keep a majority shareholding in all the enterprises, and keep them as coherent units. They should not be broken up to satisfy the demands of the union republics for local control, but rather redistribute their profits between the republics and the union.

Soviet exports of naphtha to north-west Europe's spot markets for refined oil products are down at least 30 per cent on the year, and some supply cuts have also occurred in Mediterranean region, Reuters reports from Moscow.

"Presently deliveries are down by at least 30 per cent. I don't know if they can increase supply for the last quarter of the year to catch up, but I doubt it very much," one user said.

"I have only seen one (Soviet cargo) this month and have been told there is nothing else coming out," another said.

Washington presses hard for political deal with EC

By John Wyles in Rome

THE Bush Administration is pressing hard for a successful outcome to quiet negotiations currently underway with the EC on a framework agreement designed to strengthen the transatlantic relationship in the post-Cold War era.

Originally a West German initiative, the agreement is seen by both sides as a necessary affirmation that their intention to co-operate still more closely in world affairs will not be diminished by the shrinking of the security threat from the Soviet Union and the European Community's preoccupations with its own development.

Mr Robert Zoellick, the chief adviser to Mr James Baker, the US secretary of state, told an audience of Community officials and members of the European Parliament attending a conference at Aachen in the US at the weekend that a "working agreement" between the US and the EC should be the basis for "working together on the problems of regional conflict and proliferation". The

close working relationship would become more important as the Community strengthened its own political co-operation machinery, said Mr Zoellick, and new consultative arrangements should be used to address a broad range of international problems and initiatives.

This strong statement of commitment to securing the framework agreement was partly aimed at urging some EC member states to overcome their reservations about its timing. The current aim is to sign the agreement on the eve of the Conference on Security and Co-operation in Europe summit in Paris on November 21.

This is very close to the opening of the Uruguay Round trade negotiations in Brussels in early December where US-EC differences over agricultural and other matters could yet put an agreement beyond reach. It is argued that such an embarrassing breakdown could only damage the credibility of the new joint declaration to

work together to solve major international problems.

Mr Baker argued for a more formal underpinning to the US-EC relationship, possibly including even a treaty, in a speech in Berlin last December. For a variety of reasons EC governments do not want to consider a Treaty until after they have completed their inter-governmental conference on political union - including moves towards a single foreign policy - which begins in December.

In the meantime, the framework agreement will stress the common values to which the two sides are committed and will formally codify deeper consultation arrangements which were agreed earlier this year.

These provide for more regular meetings between the US president and the presidency of the Commission and the Council of Ministers between the secretary of state and EC foreign ministers and between officials at various levels.

Lukewarm backing for Mediterranean plan

By Peter Bruce in Palma, Majorca

A JOINT proposal by Spain and Italy to create a permanent Conference on Security and Co-operation in the Mediterranean (CSCM) was given a lukewarm reception at its public launch in Palma yesterday.

The proposals were launched during the opening ceremony of the follow-up meeting of the Conference on Security and Co-operation in Europe (CSCE) which will concentrate on environmental issues over the next few weeks.

Mr Francisco Fernandez Ordóñez, Spain's Foreign Minister, and Mr Gianni De Michelis, his Italian counterpart, cited renewed tension in the Gulf as an example of why a CSCM, modelled on the CSCE which has helped shape East-West relations since 1975, was now urgently needed.

But some senior Western delegates to the month-long CSCE meeting were critical of the opening of the conference being used to launch the CSCM proposal. "It is an interesting idea, but this is not the place to talk about it," said one.

It also emerged that France has deep reservations, Paris

wants to limit a CSCM to Western Mediterranean countries. Initially, they slowly extend it eastwards. But the French are understood strongly to oppose drawing in Middle East countries not on the Mediterranean.

Mr De Michelis said: "I don't see how we can have a conference on the Mediterranean without including the Middle East". Spain and Italy conceded that drawing a broad-based conference together would require time and patience, but a conference on rules and principles stood a much better chance of winning support from countries in conflict in the Middle East than a straightforward peace conference.

Egypt, Syria and Jordan had shown a keen interest in joining a CSCM and Iran would be canvassed shortly, Mr De Michelis added. Mr Ordóñez, opening the conference, said that with the end of the cold war "a new era is dawning for the Mediterranean. The events in the Gulf have given dramatic evidence of the absence in the region of any system for crisis prevention and management."

Walesa's ambitions may leave scars

By Christopher Bobinski in Warsaw

THE bid for Poland's presidency by Mr Lech Walesa could leave deep scars within the Solidarity establishment if a meeting at the weekend at state TV headquarters is anything to go by.

Mr Walesa, who last week declared his intentions to run, in contrast to Mr Tadeusz Mazowiecki, the prime minister who has yet to decide, has started his campaign even though it has yet to be officially opened.

Mr Mazowiecki told his supporters at the weekend that he would make his intentions clear once Parliament had passed an election law formally opening the campaign.

Earlier Mr Walesa met with Solidarity members at the television's headquarters. There, they made no secret of the fact that they thought that Mr Andrzej Drawicz, a Mazowiecki appointee and the present head of radio and TV, would favour the pre-

mier in coverage during the campaign. Assurances by Mr Drawicz, whose anti-communist credentials have never been in doubt, that coverage would be fair were greeted with jeers and ironic laughter by hundreds who had attended the meeting Mr Walesa coldly answered "then I see I won't have any problems in winning and I am convinced that then you shall show respect for the President".

There has been so much mistrust that Mr Walesa's appearances on TV have been edited, not in Warsaw, but at local Gdańsk TV headquarters loyal to the union chief.

In addition, many Solidarity supporters in the broadcast media have criticised the government and Mr Drawicz for being too tolerant and not sacking people connected with the former communist authorities. In

answering questions, Mr Walesa clearly signalled that purges could be expected once he came to power.

Mr Mazowiecki's supporters have argued that wholesale sackings could lead to chaos and disorganisation.

Mr Walesa told the TV and Radio staff: "Sometimes revolutionary methods can cost as much as revolutionary ones." It is a theme which he can be expected to repeat around the country and it will go down well with people frustrated by the lack of economic progress and keen to find scapegoats.

Other populist promises Mr Walesa showed at the meeting he will be pursuing are that unemployment can be avoided, wages should be higher and that factory closures should wait until a new private sector has been developed which can absorb the excess labour.

Papandreou re-elected head of Greek Socialists

By Kerin Hope in Athens

MR Andreas Papandreou, the former Greek prime minister, was elected head of the pan-Hellenic Socialist Movement by acclamation at a party congress which was nonetheless marked by sharp criticism of the Socialists' performance during eight years in power.

The congress yesterday elected a new 140-member central committee after formally approving Mr Papandreou's decision - carried out several months ago - to take Pasok into the Socialist International.

The party has gradually moved away from its radical Marxist origins as it seeks to build a new moderate image following three election defeats in the past year. At the four-day congress resolutions were passed to encourage diversity of opinion within party ranks and promote women members.

Some of these curbs stipulated that the country's ground forces could not exceed 34,400 men and that Finland's defence forces could not acquire submarines, guided missiles and

made few references to the financial crisis which contributed heavily to Pasok's election message. Mr Papandreou is still under investigation for allegedly taking some of the proceeds of a \$300m (2106m) embezzlement at the Bank of Crete.

The exception was Mr Costas Simittis, a respected former economy minister with aspirations to succeeding Mr Papandreou as Pasok leader. He spoke openly of socialist involvement in the bank scandal and went on to call for a more responsible approach to voters without recourse to "slogans that raise expectations but bear no relationship to reality".

While Mr Papandreou, 71, seems to have avoided any challenge to his leadership for the time being, he is likely to come under increasing pressure to share decision making with leading party officials.

Helsinki sees German union ending forces curb

FINLAND'S government

considers that the Paris Peace Treaty of 1947 limiting the country's defence forces will no longer be binding after the reunification of Germany, Enriqué Tessier reports from Helsinki.

Some of these curbs stipulated that the country's ground forces could not exceed 34,400 men and that Finland's defence forces could not acquire submarines, guided missiles and

bombers. The changes, likely to jolt Finnish foreign policy out of its deference to its eastern neighbour, will also include a reappraisal of Article One of the 42-year-old treaty of Friendship, Co-operation and Mutual Assistance (FCMA) with the Soviet Union.

However, President Koivisto says the FCMA continues to serve the security interests of both countries.

France to take stake in Polish bank

By Christopher Bobinski

FRANCE'S Crédit National bank will take an Ecuzm (21.39m) nominal stake in a new Polish government development bank (PDB) which is being set up by the authorities in Warsaw.

The Polish Development Bank, which will have an initial capital worth Zlotys 800bn (245m) will provide long-term loans to enterprises in the state sector which are undergoing restructuring before privatisation.

The PDB, which will also provide funds for buy-outs of medium and small-scale state enterprises, is expecting two

other Western government development banks to take share capital. It is also hoping for additional funding in the form of a loan from the EC.

Another French bank, the Caisse Centrale de Credit Coopération, is providing technological and training assistance to Poland's Bank of Social and Economic Initiatives (BISE).

This is a new state-owned bank which aims to create jobs for the unemployed, which now exceeds 800,000. With an initial capital of Zlotys 285bn, the BISE will concentrate on encouraging small-scale business.

Fifteen western banks, including Citibank and Deutsche Bank, have already opened offices in Poland and according to Mr Matthew Olex, an adviser to the finance ministry, up to seven wholly or partially-owned foreign branches could open branches by the end of March 1991.

These include Creditanstalt from Austria and a consortium including the International Finance Corporation, the World Bank affiliate, and the Dutch ABN Bank as well as the Banca Commerciale Italiana.

Ruling Bulgarian party in bitter leadership dispute

By Judy Dempsey

BULGARIA'S ruling Socialist (former communist) party was last night locked in bitter disagreement over the composition of its new leadership.

The delay on an issue which will determine the pace of the country's economic, social and political reforms, stems from the deep divisions in the party between the older generation of communists who remain hesitant about dismantling the

power of the state, and the younger generation of radicals who want a complete break with the communist era.

The party won a comfortable majority in last June's free elections and until yesterday was led by Mr Alexander Lilov, a lacklustre apparatchik. Not prepared to take risks he was unwilling to alienate the conservative faction of the party.

Until the early 1980s, Mr

Lilov had close links with the Zhivkov family but was demoted by Mr Todor Zhivkov, ousted in a bloodless palace coup last November.

But yesterday, following two days of debate at the party's emergency congress, Mr Lilov said he would resign and asked delegates not to nominate him for the chairmanship again. "The party needs a leader who is worthier and more prag-

matic than I am, in short a better leader," he said. But last night delegates had not decided whether to accept his resignation.

The composition of the new leadership will be crucial for Mr Andrei Lukhanov, the Prime Minister and a senior member of the BSP. Last week, he finally formed a new government without including members of the Union of Demo-

cratic Forces, the largest opposition.

The problem Mr Lukhanov faces is that if a conservative leadership is returned, he can not rely on the BSP to throw its support behind his reform programme. Without such support, he is unlikely to persuade the BSP-dominated Parliament of the need to provide a comprehensive economic and social programme for the 1990s.

General Notes for Medium Term Firm and Interruptible Gas continued.

5. Price of Gas

Under the contract in accordance with the Schedule the mechanism for determining the price of gas, in accordance with the specific indication terms selected by the customer, shall be set out in a price indication formula utilizing indices which give effect to the indication terms. Base Schedule Reference Prices are the prices at 1st April 1990 which are indicated in the gas month period July to December 1989.

6. Contract Indicators

The Reference Prices for indices will be:

For the 1989 Contract Schedule Office Digest, Gas Delivery Fuel Oil/Overhead Electricity Energy Trends - Prices in Large Consumers British Gas will, on a limited monthly basis, supply customers with index-linked contracts of the following types: (a) Interruptible contracts entered into under this Schedule MT2 with wholly of discontinuous indices will contain provisions for top and bottom stop prices. The top stop will be determined as 110 per cent of the customer's equivalent price in Schedule PM or its preceding successor Schedule at the time of each calculation. The bottom stop will be 5 per cent below the single premium price in volume band 2 Table 4 of this Schedule or such Schedule as may succeed this Schedule at the time of each calculation.

For contracts in excess of 5 Contract Years duration, the top and bottom stops will be re-established at the end of the 10th year in accordance with the terms of Schedule MT2 or such Schedule as may prevail at that time in succession to MT2.

7. Start Date

A customer must commence taking gas (or making his maximum payment) under the Schedule on a day within the first 2 years of the Supply Period. The Supply Period starts on the date that the contract is signed and the first day of the month nearest to the first day of consumption becomes the Start Date of the contract and of the Contract Year. The price ruling at the Start Date will be indicated in the method of price determination chosen by the customer when entering into the contract.

8. Taxation

The prices in this Schedule are exclusive of Value Added Tax, or any other tax, duty or impost.

9. Restrictions

A customer may not enter into a contract for the supply of gas, whether firm or interruptible, under this Schedule in substitution of a supply of gas already contracted with British Gas whether under this Schedule or any other Schedule unless agreed by both parties to the contract.

10. Customer's Financial Status

Before entering into a contract with a potential customer, British Gas may require the customer to evidence that he has the financial capability to meet his prospective contractual obligations and that he discharges promptly his payment obligations, taking which or a suitable guarantee of his obligations. British Gas may refuse a supply of gas under this Schedule. A suitable guarantee may include a security deposit and/or direct debiting arrangement.

11. Pressure

The pressures at which British Gas supplies gas vary at different parts of the gas supply system. British Gas will supply gas to a customer at a pressure above the statutory minimum level if this is available at the point of supply. British Gas will use reasonable endeavours to maintain any such required pressure. If British Gas expects the supply pressure to reduce to a lower level permanently then not less than 24 months written notice will be given.

12. Interruption

Without prejudice to the rights of British Gas to interrupt supplies of gas provided in accordance with "2. Interruptible Gas" the requirement for a minimum period of interruption shall be deemed to have been suspended unless and until at least three months have elapsed from the giving by British Gas of notice under the contract with the customer of its intention to implement such suspension period of interruption.

13. Connection Costs - New Supplies

British Gas will make an allowance towards the capital cost of connection of the gas supply to the customer's premises in order to deliver the Non-Interruptible Consumption of gas. Such cost will include pipes, apparatus and metering equipment but exclude outlet supplies beyond the primary meter. The customer may also be asked to make a contribution to the cost of required under the contract. The allowance will be the following rates providing such allowance does not exceed the capital cost of connection and does not result in the supply being uneconomic in accordance with Section 9 of the Gas Act 1986.

14. Monthly Charges

Where a customer so requests, in respect of any month in which the customer does not consume gas at any premises, the monthly charge or in the case of multiple-premises Agreements, the appropriate proportion thereof, will be deferred until recoupment which will take place at the end of each of the customer's contract years or at earlier termination of the Agreement.

CONTRACT GAS PRICING SCHEDULES SHORT TERM FIRM GAS

Effective from Meter Reading date at the customer's premises on or nearest to 1st October 1990.

Net 572

The Schedule 572 supersedes that in force in terms of the 1st September 1990 except that the first 25,000 therms of gas consumed at each premises in the Supply Period will be subject to an initial Block Price. Pursuant to Condition 5 of the Agreement, British Gas will enter into Special Agreements (covering) with customers under this Schedule 572 for the supply of gas through pipes to premises which they own or occupy, each premises consuming in excess of 25,000 therms per annum, on the prices and terms shown in this Schedule subject to the conditions of contract. The prices and terms shown do not apply to supplies contracted under Schedules CSP1, CSP2, R2, R3, R4, R5, MT1, MT2, S11 and L11, back-up gas or to other forms of supply mentioned in Condition 5 of the Gas Act 1986.

Gas will be supplied on the basis of a duration of 3, 6 or 9 months. The prices shown in this Short Term Schedule 572 shall apply to gas supplied under contracts entered into on or after 1st October 1990 for firm gas, and this Schedule replaces the Contract Gas Pricing Schedule S71. Under the contract the Scheduled Reference Price, comprising a Monthly Charge and a price per therm, will be determined for each month on the basis of the customer's Moving Annual Consumption, defined as that Month's consumption plus the previous 11 months' consumption of gas at the premises for that supply. Notwithstanding this, the initial Block Price will determine the price of gas for the first 25,000 therms of gas consumed at each premises in the Supply Period. Contracts will contain clauses giving effect to numerous consumption levels. In the event of the consumption of gas measured on a Moving Annual Consumption basis being 25,000 therms of gas or less at the end of the contract period, the gas actually consumed during the contract will be charged for at the Tariff Price of Gas.

The Scheduled Reference Price, the initial Block Price and other terms shown in this Schedule 572 will be modified at the discretion of British Gas. Publication of revised prices and other terms may not take place within 20 days of the previously published 572 Schedule without the consent of the Director General of Gas Supply (DGS). Copies of Schedules and conditions of contract are available from the Registered and Regional Head Offices of British Gas.

1. Initial Block Price

This price of gas for the first 25,000 therms consumed at each premises in the Supply Period shall be 40.95 p/therm. This price will be revised from time to time and will be applied in accordance with the contract terms.

2. Scheduled Reference Price

The price for gas consumed in excess of 25,000 therms at each premises in the Supply Period will comprise a Monthly Charge (C) and a price per therm (p/therm).

3. Scheduled Reference Price

The Scheduled Reference Price will be determined for each month, from the Schedule prevailing at the commencement of that month, on the basis of the customer's Moving Annual Consumption. Where the Customer's Consumption at a premises at the end of any month is 25,000 therms of gas or less the price of gas to be charged to the customer shall be the initial Block Price.

The Scheduled Reference Prices for Short Term firm gas contracts are given in Table 1 to which the price adjustment set out in section (b) below will be applied.

Table 1: Short Term Firm Gas - Scheduled Reference Price

Volume Band	1	2	3	4	5	6	7	8	9	10	11	12
Moving Annual Consumption (therms)	25,001 to 50,000	50,001 to 75,000	75,001 to 100,000	100,001 to 125,000	125,001 to 150,000	150,001 to 175,000	175,001 to 200,000	200,001 to 225,000	225,001 to 250,000	250,001 to 275,000	275,001 to 300,000	Over 300,000
Monthly Charge (C)	27	27	28	28	29	29	30	30	31	31	32	32
Price per therm (p)	34.75	34.75	34.75	34.75	34.75	34.75	34.75	34.75	34.75	34.75	34.75	34.75

(b) Price Adjustments for 3, 6 or 9 Month Supply Periods

The prevailing Scheduled Reference Price per therm (p) shown in Table 1 will be adjusted by the following amounts:-
(a) plus 1.50p per therm for 3 Month Contracts;
(b) plus 0.75p per therm for 6 Month Contracts;
(c) plus 0.50p per therm for 9 Month Contracts.

(c) Seasonal Pricing Factors

The prevailing Scheduled Reference Prices in Table 1 as adjusted by the charges set out in (a) above, will be subject to the application of the seasonal pricing factors contained in Table 2.

Season	Factor
December, January, February and March	1.0
April, May, June and July	0.95
June, July, August and September	0.85

2. Interruptible Gas

Subject to meeting the qualifying conditions and volume, contracts under this Schedule will be eligible for inclusion in Interruptible Contracts of the type set out in Schedule PM and MT2.

General Notes

1. Conditions of Contract
The notes given in this Schedule summarise elements of the conditions of contract and the way in which they will be applied. They are not exhaustive and cannot take precedence over, or modify, any of the terms and conditions of the contract entered into by any individual customer.

2. Interruptible Supplies

Interruptible Supplies of gas are not available under this Schedule.

3. Multiple Premises

(a) A contract will be available for a firm supply of gas to be consumed at more than one premises owned or occupied by the customer or its subsidiary and/or affiliated companies provided such premises consumes more than 25,000 therms per annum.
(b) For the purposes of note 3(a) above and Interruptible Agreements, subsidiary companies are as defined under section 736 of the Companies Act 1985, and affiliated companies are as defined in the contract by reference to the consent of the customer and Affiliate, taking the definitions of contract set out in Section 30(2)(b) and (c) of the Income and Corporation Taxes Act 1970.

4. Taxation

The prices in this Schedule are exclusive of Value Added Tax, or any other tax, duty or impost.

5. Restrictions

Customers may not enter into a contract for the supply of gas under this Schedule in substitution of a supply of gas already contracted with British Gas whether under this Schedule or any other Schedule unless agreed by both parties to the contract.

6. Customer's Financial Status

Before entering into a contract with a potential customer, British Gas may require the customer to evidence that he has the financial capability to meet his prospective contractual obligations and that he discharges promptly his payment obligations, taking which or a suitable guarantee of his obligations. British Gas may refuse a supply of gas under this Schedule. A suitable guarantee may include a security deposit and/or direct debiting arrangement.

7. Pressure

The pressures at which British Gas supplies gas vary at different parts of the gas supply system. British Gas will supply gas to a customer at a pressure above the statutory minimum level if this is available at the point of supply. British Gas will use reasonable endeavours to maintain any such required pressure. If British Gas expects the supply pressure to reduce to a lower level permanently then not less than 24 months written notice will be given.

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British Gas

IMF/WORLD BANK MEETING

Soviet Union
'needs a strong
central bank'

By Peter Riddell, US Editor, in Washington

THE Soviet Union needs a strong central bank and a single currency if it is to handle its serious economic problems, according to the International Monetary Fund study of the country's economy.

The call comes as worries of the IMF and other western financial officials about possible economic disintegration of the Soviet Union have been underlined by the arrival at this week's IMF and World Bank meetings of a delegation from the Russian Republic, as well as the officially-invited group from the Soviet government and central bank.

Mr Michel Camdessus, IMF managing director, stressed the Soviet Union's urgent problems, particularly finalising the union treaty between the constituent republics. He hoped "they will adopt solutions which would allow the country to be properly managed with all the necessary instruments for monetary policy and macro-economic management of the country."

Mr Barber Conable, president of the World Bank, which is also involved in the study, has said: "Early in the process of reform, you've got to get a central financial authority capable of allocating resources according to demand instead of political command."

In private, western financial officials noted the contrast between the moves to monetary integration and a single central bank in western Europe, and the suggestions of a number of individual Soviet

republics for establishing their own central banks and issuing their own currencies.

The IMF study, set up by the Houston summit of the heads of government of the Group of Seven industrial countries, is due to report by year-end on Soviet problems and needs and how any western assistance might be useful.

A report from Mr Camdessus on the Soviet study has been given to finance ministers and central bankers in Washington. The main problem has been establishing the right financial base for assessing what needs to be done, since the available data mainly relate to quantities in centrally-planned programmes than what is normal in a market structure.

Mr Camdessus and others have talked sympathetically about possible eventual Soviet membership of the IMF and the World Bank, though there has been no formal application yet, nor any discussion at the meetings.

It is now a live issue for the first time. Mr Pierre Bérégovoy, French finance minister, said that while the Soviet Union might be politically ready, "economically it is another matter". US officials also regard the issue as premature.

US officials are concerned about the country, and especially oil supply, position in the Soviet Union and Eastern Europe. President Bush recently offered technical assistance to Moscow on oil development.

East Europeans must settle for advice instead of cash

By Stephen Fidler in Washington

EAST European governments are being welcomed into the international financial establishment this year in Washington. But they are finding advice easier to come by than cash — certainly as far as private banks are concerned.

Czechoslovakia and Bulgaria are joining the International Monetary Fund and World Bank at this year's annual meetings. Romania, a long time member of the two institutions has also joined the International Finance Corporation, the Bank's private sector development arm.

With Poland, Hungary and Yugoslavia already in the fold, the Soviet Union is attending the meeting for the first time as "special invitees".

For members of the institutions, some money will be forthcoming — at least from official sources. At the start of the year Poland secured a standby loan from the IMF and a \$100 credit from 24 donor countries to keep its currency stable while price reform was being undertaken.

The pattern is likely to be followed by Czechoslovakia at the end of this year. It wants similar financial help for its dramatic trade, price and foreign exchange liberalisation proposed at the start of next year. Even Mr Theodor Stolojan, Romania's finance minister, has indicated here that it

would like a similar programme while the lei is made convertible.

Stabilisation of the overall economy has been made even more difficult for east Europe by the Gulf crisis, which comes on top of a severe regional energy problem.

The collapse of the Comcon trade bloc and a requirement by the Soviet Union that its oil should be paid for in hard currency and at market prices has hit the region hard.

The Soviet Union's decaying oil infrastructure has reduced supplies and left some countries with few

alternative sources of supply. But despite this, stabilisation is now being recognised as a relatively easy part of the exercise. Far more difficult is the question of structural reform of east Europe's micro-economic systems — the issues from legal reform to guarantee property rights through to privatisation.

Here there is no single pattern emerging in the region and the advice of the Bank and IFC is perhaps as

important as the funds they will be able to provide. Mr Vaclav Klaus, Czechoslovakia's acerbic finance minister, disclaims any similarity between the track his country is taking and that being followed by other countries, such as Poland.

Observers, such as Mr Eugenio Lari, head of the World Bank's Europe, Middle East and North Africa Department, believes that after years of having an economic system forced on them from outside, the countries of the region are unlikely to submit to another economic template.

Asked what he has learned from the experience of the last year, Mr Jacob Frenkel, economic director of the IMF, says it is now clearer than ever that the privatisation process will be a very long one.

Because of this he sees as desirable a method of imposing market discipline on state enterprises. "The issues of efficiency and ownership can be separated," he suggests. Mr Klaus agrees strongly. He believes privatisation must be accomplished quickly to lift the dead hand of state bureaucrats from manufacturing industry.

Because of the speed of privatisation, its large scale — he estimates almost three-quarters of the state will be privatised — and the lack of domestic capital, he is proposing that

vouchers should be distributed at nominal cost to the public. The public would use the vouchers to buy shares in state enterprises.

Because of this system foreign investment in the enterprises will mainly have to come after and not before privatisation.

It is the privatisation issue that seems most to interest the private financial institutions of the West. Finance ministers are often overwhelmed by the stream of "experts" who line up outside their offices — often says Mr Klaus offering inappropriate advice.

For example, many of his US visitors have tried to press upon him the importance of employee stock ownership plans (ESOPs) as a method of privatisation.

But such ideas he says are like icing, and in a country where property rights are still fuzzy, there is not yet a cake.

The Czechoslovaks have displayed impatience with international banks. They have clearly suffered — like the

Hungarians, who have also serviced their debts, but have a significantly higher debt burden — from a "neighbourhood problem".

Poland's and Bulgaria's halt on all payments to banks and the problems on payments of the Soviet Union's transfer debts have hit those with a better debt service record.

Mr Josef Todorov, Czechoslovakia's central bank governor, says only banks that have been help to his country in foreign lending will be given licences to open banks in the country.

But it's not likely that there will be any rush to do that, particularly with the German banks giving the impression that they are too wrapped up in German unification to think much for now about the rest of east Europe.

In Poland, only two foreign banks have indicated publicly that they want to open branches — Citicorp of the US and NMB Bank of the Netherlands.

These two banks are among a minority showing interest in the domestic banking picture. A handful of others are falling in behind the International Finance Corporation on joint venture commercial banks in Hungary — where one is already established — and Poland, where agreement is expected soon.



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vouchers should be distributed at nominal cost to the public. The public would use the vouchers to buy shares in state enterprises.

Because of this system foreign investment in the enterprises will mainly have to come after and not before privatisation.

France urges sterling's entry into ERM

By Peter Riddell

STERLING should enter the exchange rate mechanism of the European monetary system "as soon as possible", Mr Pierre Bérégovoy, France's finance minister, said yesterday.

Mr Bérégovoy said in Washington that the monetary discipline involved had helped other participants bring down inflation. "A strong currency is a strong rampart against inflation."

He noted that when there was market talk of sterling joining the mechanism, the pound's exchange rate went up. The converse happened when there

was talk of it staying out. Early entry would be good both for Britain and for the building of Europe, he said.

Mr Bérégovoy stressed the twin risks of inflation and recession and added the prime objective was to avoid a rise in global interest rates. He stressed the global need was to avoid "escalating interest rates".

In relation to France at least, he added, because of the currency's strength "a certain degree of leeway might manifest itself" in the coming period.

Mr Bérégovoy added that, if the dollar declined further because of developments in the US or elsewhere in the

world, ministers "would have to consult and decide what to do". Like Mr Nicholas Brady, US treasury secretary, Mr Bérégovoy stressed the twin risks of inflation and recession and added the prime objective was to avoid a rise in global interest rates. He stressed the global need was to avoid "escalating interest rates".

In relation to France at least, he added, because of the currency's strength "a certain degree of leeway might manifest itself" in the coming period.

Brady asks
debtors to
reach deals

MR Nicholas Brady, the US treasury secretary, yesterday urged Brazil to address the problem of its commercial bank arrears, Reuters reports from Washington.

Mr Brady's remarks, prepared for delivery before the International Monetary Fund and World Bank development committee, said that "action by Brazil to address its commercial bank arrears and to adopt an IMF programme will also provide a firm basis for negotiations with its creditor banks".

Mr Brady also encouraged Bolivia, Ecuador, Poland and Uruguay, that have opened discussions with commercial banks, to reach agreements quickly.

Brazil, which has tentatively set October 10 to begin debt negotiations with its commercial bank creditors, said it wanted an agreement as soon as possible with creditors on rescheduling its \$11.5bn debt, but any deal must reflect the nation's ability to pay.

"To ask or demand the impossible will not be the solution," the central bank president, Mr Ibrahim Eris, said yesterday.

"Brazil will pay what it can pay, we will not pay what we cannot pay. It's a payment capacity problem," Mr Eris said. The success of an economic reform programme introduced earlier this year by Brazil hinged on a speedy settlement of the debt problem.

Britain argues aid must
target poorest countries

By Peter Norman in Washington

BRITAIN has proposed that a greater proportion of aid flowing to developing nations should go to the poorest countries.

Mr Tim Lankester, permanent secretary in the UK Overseas Development Administration, said yesterday this was already the case with Britain, which sent 70 per cent of its aid to the world's 50 most impoverished countries.

He told the development committee of the International Monetary Fund and World Bank that donors should ensure more of their aid directly helped the poorest people in recipient countries and added that poor nations which were making a genuine effort to overcome poverty should be given preference.

One test was whether a

country had in place economic policies that encouraged growth.

Earlier, Mr John Major, UK chancellor, told the committee that economic reform in developing countries required the fostering of private enterprise and government institutions that were open, honest and accountable.

The chancellor outlined his four-point plan to ease the official debt burden of the poorest developing nations to the committee.

He also called for agreement on a clear timetable for decision on an "early and substantial" capital increase for the International Finance Corporation, the World Bank affiliate that promotes private-sector business in developing nations.



Pierre Bérégovoy: monetary discipline

IMF/WORLD BANK NOTEBOOK

Monetarist conversion on the road to Washington

By Stephen Fidler and Peter Norman

IN AN atmosphere of almost religious conversion by some countries to market economics, some ministers in Washington are developing a reputation for zealotry. Leader among them is Mr Vaclav Klaus, Czechoslovakia's finance minister.

He dismissed the reported suggestion there are differences between himself and his president, Mr Vaclav Havel, about the pace of economic reform. There is no alternative, he says, to rapid restructuring of the economy.

Mr Klaus developed some notoriety when he launched an attack on Federal Reserve chairman Alan Greenspan at a recent convention in Wyoming. Mr Greenspan was taken aback. "I'm used to being criticised," he is reported to have said afterwards, "but not from the right." In Wash-

ington he has taken to comparing ironically Czechoslovakia's privatisation programme, expected to cover 70 per cent of the economy, with the "brave" privatisation effort of Mrs Thatcher's Government, totalling 5 to 6 per cent.

Mr Jacques Attali, the president designate of the European Bank for Reconstruction and Development, is emerging as the stormy petrel of the international monetary scene.

He has ruffled the feathers of finance ministers and central bankers of the world's richest countries by rechristening his bank the "Bank of Europe".

The title had already appeared on EBRD publicity material before this week's International Monetary Fund and World Bank meetings in Washington. But trouble really

started after Mr Attali used it extensively in a talk to the Bretton Woods Committee.

Mr Karl Otto Pöhl, the Bundesbank president, was quick to condemn Mr Attali's action as unacceptable. He pointed out that European central bank governors were discussing the possible creation of a European central bank and might want to call it the Bank of Europe.

Mr Pöhl complained that this was not the first time that somebody had adopted a name for a new institution without consultation. The European Commission, for example, had dubbed the proposed European central bank the Eurobank with- out telling anybody. The central bankers had later rejected this because they considered the word Fed to be slang.

Mr Theo Waigel, the West German finance minister, was

even more dismissive of Mr Attali's action. "When I signed up to that bank it was called the European Bank for Reconstruction and Development," he said, adding that in the international pecking order it ranked behind the IMF, World Bank and the Paris-based Organisation for Economic Co-operation and Development.

THE recent news that Mr Attali had recruited Mr John Fleming, the Bank of England's chief economist, to be the EBRD's general counsel and economist has triggered speculation about who should now go into the Bank of England job.

Professor Alan Budd, chief economic adviser of Barclays Bank, has been tipped as one possible candidate. However, the Bank has an excellent

economist nearer to hand, Prof Mervyn King, head of the financial markets group of the London School of Economics, is already a member of the Bank of England court.

He is at present carrying out research in the United States, but that is expected to be finished well before next March when Mr Fleming moves to the EBRD.

THE IMF had no sooner got accustomed to the idea of a Soviet delegation attending this year's meeting, than it received news that the Russian Federation had also sent a high powered team to Washington.

But while the Soviets enjoyed widespread access to this week's events by virtue of being "special invitees", Mr Boris Yeltsin's delegation are strictly unofficial visitors.

De Klerk reform efforts win
show of support from Bush

By Lionel Barber in Washington

PRESIDENT George Bush welcomed President F.W. de Klerk to the White House yesterday in a show of support for his efforts to dismantle apartheid and create a multi-racial democracy in South Africa.

Mr de Klerk, looking pleased at the outset of his one-to-one talks with Mr Bush in the Oval Office, said: "It's marvellous to be here."

Before the talks, US officials said Mr Bush's aim would be to pay handsome tribute to Mr de Klerk for his reform efforts. But this praise would be tempered by a warning that further progress must follow if economic sanctions are to be lifted.

The White House session was the first meeting between Mr de Klerk and Mr Bush, and the first time a South African head of state has paid an official

visit to Washington since Mr Jan Smuts arrived in 1945. Mr de Klerk said on his arrival that he would not press Mr Bush for relief on sanctions, but would argue that pressure against Pretoria was no longer necessary because the regime was "irreversibly committed to reform".

Mr Bush invited Mr de Klerk after the South African president released Mr Nelson Mandela, the black nationalist leader, from prison.

Mr Mandela was given a tumultuous reception during a 13-day tour of the US in June, although his reception at the White House was cooled by equivocal statements on violence.

The de Klerk visit has been overshadowed by the recent upsurge in violence in South African black townships which

has seen more than 1,700 people killed this year.

Anti-apartheid demonstrators have re-appeared this week in Washington, succeeding in influencing the congressional black caucus to cancel its scheduled meeting with Mr de Klerk.

Mr Randall Robinson of TransAfrica, one of the driving forces behind the 1988 sanctions legislation, said the de Klerk visit was nothing more than "a superficial photo opportunity to put a smiling face on a sad and tragic situation".

Mr de Klerk will meet congressional leaders today and will deliver a speech at the National Press Club in an effort to persuade opinion leaders that South Africa is irreversibly committed to ending minority rule.

Mulroney
may 'pack'
Senate to
get his way

By Bernard Simon in Toronto

MR Brian Mulroney, Canada's prime minister, has threatened to use an obscure constitutional provision to pack the federal Senate with government supporters as a way to overcome opposition attempts to stall key legislation.

Faced with widespread hostility to legislation for a new 7 per cent value-added tax, due to take effect on January 1, Mr Mulroney also named another five supporters of his ruling Progressive Conservative Party to bolster government support in the non-elected upper chamber.

Mr Mulroney has filled 11 Senate vacancies in the past month, but even with these appointments the Tories still fall short of a majority in the 104-member chamber. Supporters of the opposition Liberal Party hold 53 seats, thanks to a rash of appointments made in the dying days of the last Liberal government in 1984.

The Canadian constitution allows the government of the day to enlarge the Senate by up to eight members. Mr Mulroney said he was considering using this provision.

Ford Canada
strike settled

TROUSANDS of Canadian Ford workers overwhelmingly approved a three-year contract late on Sunday, ending an eight-day strike, the Canadian Auto Workers union said, Reuters reports from Toronto.

More than 85 per cent of the 12,500 workers voted for the pact, the union said. The settlement will save as the basis for contracts still to be negotiated with General Motors of Canada and Chrysler of Canada.

Fujimori's austerity drive backfires
Sally Bowen on a miscalculation that has sent Peru's prices soaring

A BEWILDERED woman stood weeping on the pavement outside the Lima electricity company's headquarters. Her husband, a twenty-five times higher than July's and equivalent to her husband's entire monthly wage packet. "If we pay this, how can we eat?" she asked.

Similar scenes are being enacted across Peru, the consequence of a substantial government overshoot on price adjustments.

The economic team of newly elected President Alberto Fujimori has miscalculated. It had expected austerity measures, announced on August 8 by President Fujimori, to result in 300 per cent inflation for the month, with the exchange rate doubling immediately to 450,000 intis to the dollar.

But built-in inflationary expectations during the 10-day delay between President Fujimori's announcement and the announcement prompted private companies to double or triple prices even before the first price increase — a staggering 3,000 per cent jump in petrol and an eight to twelve-fold rise in electricity and water costs.

Peruvians are ill-equipped to absorb such severe "stabilisation". Under the previous free-market administration of Mr Alan García they had seen the purchasing power of the legal minimum wage halved. With Mr Fujimori's measures the petty remainder has fallen by a further 70 per cent.

Apart from sporadic looting in the wake of the price increases, Peruvians have reacted with accustomed resignation. Tight security control and an increased police and army presence on the streets of the capital Lima have dissuaded further acts of violence.

The nub of the Fujimori stabilisation programme is zero monetary emission. Tight liquidity controls mean the

SUSPECTED leftist rebels have kidnapped at gunpoint the vice president of the Peruvian legislature's lower house, seizing him from in front of his mother's house in a Lima shanty town, AP reports from Lima.

Authorities said yesterday the two men with pistols who took Mr Giraldo Lopez Quiroz, a member of President Alberto Fujimori's party, were probably members of the pro-Cuban Tupac Amaru Revolutionary Movement. The movement is one of two leftist insurgent groups in Peru.

The kidnappers made no immediate demands.

exchange rate is intended to stay at about 450,000 intis against the dollar until the end of the year.

According to one approving economist, "the inflationary tiger has been stopped dead in its tracks". An official inflation rate of 1.5 per cent for the first fortnight in September bears him out.

Mr García's familiar yawning fiscal deficit may disappear altogether this month. Three new taxes — a temporary 10 per cent levy on exports, a hefty tax on higher fuel prices and a 2 per cent charge on all cheques written — are expected to haul in revenue.

But there are fears the recession has cut too deep. Production levels, already low, fell by about 40 per cent last month. Independent economists are forecasting a 25.3 per cent drop in gross domestic product between August and December, signalling an overall 5 per cent fall for 1990.

Most businesses are publicly supporting the government measures. But they are wary. "They see the programme is working and they want it to work. But they are not totally convinced. They still aren't changing their dollars into intis," one economic

consultant said. Exporters, the intended leaders of economic reactivation, are also grumbling. The low dollar, barely half of what they consider "parity" combined with emergency taxes and sharply higher transport costs, makes them "worse off than ever," according to an Exporters' Association committee head. They anxiously wait to see whether tariff announcements, again delayed but promised this week, will improve their position.

The best most Peruvian companies can hope for is survival until December, with the prospect of gradual but unspectacular growth following. But most companies are laying off workers and with huge electricity and fuel bills, are cutting every possible operational cost. Interest rates are tumbling but no one wants to borrow. Sales are 60 per cent down across the board. Prices must fall, according to traders.

Outside Lima, life is even more difficult.

One of Peru's worst droughts in 50 years has been afflicting Andean peasant farmers since the start of the year. There is a desperate lack of seeds for this season's planting, now under way, with the consequent danger of further food shortages in 1991.

Farmers also face tighter and more expensive credit. The state Agrarian Bank has been accustomed to swelling up three-quarters of the intis printed by the Central Reserve Bank. But with the zero emission policy, finance for this season's agricultural campaign will not exceed \$300m (£159.5m). Farmers will have to pay real interest rates too.

Mr Hurtado Miller estimates 11m Peruvians, about half the population, are suffering "critical poverty". The social compensation programme is believed to be reaching few of the needy outside Lima, and Mr Fujimori has already had to replace the programme's con-



Alberto Fujimori: distanced himself from adjustments

troller in the face of anti-party criticism. About \$415m should be made available between now and December.

Mr Fujimori, who campaigned on a "no-shock" programme, has distanced himself from the austerity adjustment.

The premier and cabinet, widely considered dispensable, make the unpopular announcements, while the president has intervened on behalf of the people to demand sharp decreases in prices of medicines, or to decree that August electricity bills be paid in three instalments next year.

Mr Fujimori's task will become no easier. His Cambio (Change) 90 party has fewer than a quarter of the seats in Congress, so support from other parties must be sought continuously.

So far his request for emergency legislative powers has not been granted and there is mounting opposition to his designated candidate for the important central bank presidency.

With his own improvised party frequently split, Mr Fujimori needs to hang on to the popular support he still enjoys — more than 50 per cent, according to a survey published this week.

AMERICAN NEWS

Sandinistas join trade unions in austerity protest

By Tim Coone in Managua

A CAMPAIGN of civil disobedience against the Nicaraguan government's austerity programme was launched at the weekend by the opposition Sandinista party and affiliated trade unions, as cabinet ministers prepared for talks in the US with the IMF and the World Bank.

Measures called for include the occupation of state factories and farms facing privatisation, the non-payment of electricity and water bills and an escalating series of demonstrations and strikes to halt layoffs in the public sector.

Mr Lucio Jimenez, head of the powerful National Workers' Front (FNT), Nicaragua's biggest trade union federation, said on Sunday that "at some point, we must consider calling upon the armed forces to defy the government but for the moment this is not necessary".

The existing armed forces were created under the Sandinista government which is now in opposition. They face a 30 per cent manpower cut by the end of the year under plans announced by the government at the weekend.

The army has sought funds from the government for jobs and housing for its redundant soldiers but the government's new austerity measures have only earmarked funds sufficient to last two to three months in unemployment benefits for those being laid off in the army and public sector. Army manpower has been cut by 50 per cent from 50,000

troops at the beginning of the year. Under-employment and unemployment in Nicaragua is unofficially put at 40 per cent of the economically active population.

Last week, as busdrivers occupied depots over plans to privatise public transport in the capital, the government appealed to the trade unions and the business sector to join it in talks about the framework of its new structural adjustment policy.

The FNT refused, saying that the unions were being asked to rubber-stamp decisions already taken in preparation for Nicaragua's talks this week with the IMF and World Bank over structural adjustment loans.

Mr Bayardo Arce, a Sandinista party boss, told the Financial Times: "We are not going to endorse an economic policy of the government which sweeps away the social advances made over the past 10 years".

A general strike organised by the FNT last July brought the country to the verge of civil war, when rightwing paramilitaries assaulted the strikers' picket lines and barricades.

In the past week, a new clandestine leftwing organisation calling itself the "Workers' Revolutionary Committee" (CRT) has been calling journalists to say it is arming itself and preparing for a confrontation with the right-wing paramilitaries.

Untangling the complexities of an imperfect market

Jurors find it hard to concentrate on the work of the Chicago futures exchange, writes Barbara Dunn

The last two of three scheduled trials of futures traders and brokers are underway in Chicago and the government prosecution and the defendants' lawyers are battling not just their cases but the soporific effect these have on the juries.

Fourteen yen traders and brokers and 10 soyabean traders and brokers are standing trial for allegedly cheating customers. All are charged with multiple counts of criminal fraud and many face in addition the more serious charges of racketeering conspiracy, designed for organised crime mobsters. These latter charges carry jail sentences of 20 years or more and oblige forfeiture of personal assets acquired with the proceeds of the conspiracy.

Yet, no matter the gravity of charges, lawyers' explanations of the arcane business of futures trading had jurors nodding off or fidgeting heroically to stay awake, raising the practical question of how to try such complex cases before juries.

The trials are expected to wear on for up to six months. The ability of a jury to understand futures trading cases thoroughly enough to arrive at conclusions remains in question following the mixed verdict in the first trial, which ended in July. That jury was able to arrive at verdicts on

only a tiny fraction of the charges against one broker and two traders of Swiss francs, and those were the lesser cases. The three men are to be retried on the deadlocked counts.

The government prosecution in both the current cases relies heavily, as it did in the first, on the evidence gathered by undercover Federal Bureau of Investigation agents who posed as corrupt traders from 1988 until January of 1989. This includes hundreds of snippets of the agents' secret tape recordings of action in the pit and conversations out of it, including on barstools.

The FBI probe led to 48 indictments last year. Strong corroborating testimony is also to be offered by traders who pleaded guilty in both cases and are now co-operating with the government.

In the soyabean case, 19 traders and brokers were indicted, but nine, including three in the last month, have pleaded guilty. In the yen case, six of the 21 indicted have pleaded guilty and one pleaded no contest. All are co-operating with the prosecution in return for reduced charges and sentences.

US assistant district attorney Miss Lisa Huestis revealed perhaps the hardest evidence in any of the cases, a \$60,000 check that she said was part of a kickback scheme to a broker. In essence, the government



The soyabean pit at the Chicago exchange: FBI agents infiltrated the trading floor

charges in its opening statements at both trials that brokers foisted off losing trades on accommodating local traders - independents who trade for their own accounts - and later paid them back by channelling them profitable trades, at customer expense.

All this, the government says, systematically cheated

customers of market opportunities and profits. While the defence strategies of the 24 defendants vary, a number of the traders' lawyers have argued in opening statements that their clients knowingly violated the exchanges' trading rules, but did not intentionally cheat customers.

On the contrary, they con-

tended rules were broken to fill orders in the way customers wanted amid the crush of hectic trading. They pointed out that customers, who understood how the floor worked, never complained about the services they received. One broker who watched the trial of his ex-colleagues later agreed with this description,

saying, "exchange rules are different than exchange custom".

But he said that since the investigation came to light brokers and traders had become significantly more cautious and that some brokers, who must assume financial liability for their mistakes, had "taken big hits" to their personal finances as a result.

Broker liability is at the heart of the government's cases. Other defence attorneys are arguing that their clients did nothing wrong and that the FBI agent, an inexperienced newcomer to the chaotic pits, could not accurately understand what went on.

While the strength of the evidence and the clarity of its presentation will ultimately decide these cases, the attitudes that underlie the arguments on both sides of the trials may sway the juries.

The government prosecution is infused with a sense of moral outrage that traders did not play by the book and that consequently customers lost market opportunities and profits. The defence, on the other hand, while trying not to seem cavalier about business ethics, has taken the stance that in the real world, sometimes a few corners are cut and mistakes are made but that's the way business gets done.

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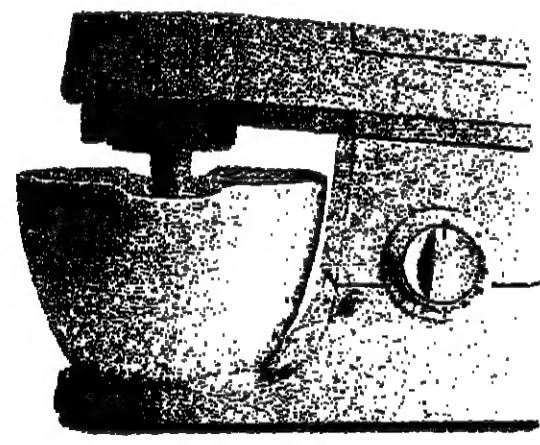
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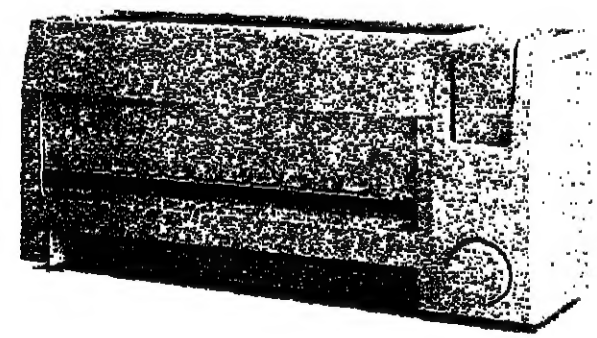
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UK NEWS

BRITISH ECONOMY

Drop in imports signals slowdown

By Peter Marsh, Economics Staff

A DECREASE in imports last month provided further signs of a slowdown in the UK economy. At the same time exports held up better than expected, although analysts warned yesterday that the figures may decline over the next few months.

On a seasonally adjusted basis, imports fell by 1.5 per cent to \$9.8bn between July and August. Exports rose 4.5 per cent over the same period to \$10.6bn, according to figures from the Central Statistical Office.

As a result of these movements, the visible trade deficit in August was \$1.1bn, \$0.6bn lower than in July. Part of the reason for the smaller deficit was a reduction in the trade gap in erratic items - highly expensive products such as aircraft and ships. In August exports in these goods rose by \$0.2bn while imports fell by

	CURRENT ACCOUNT (\$bn)			
	Current Balance	Visible Trade Balance	Exports	Imports
1988	-15.2	-21.1	80.8	101.9
1989	-19.1	-23.8	82.8	111.6
Oct 4	-3.8	-4.4	25.0	28.4
1990				
Oct 1	-4.6	-5.8	25.4	31.2
Oct 2	-4.9	-6.0	25.1	31.1
May	-1.4	-1.4	9.9	10.3
Jun	-1.5	-1.9	9.6	10.2
Jul	-1.7	-1.7	9.3	9.9
Aug	-1.1	-1.1	9.6	9.7

Includes for July and August projections
Figures are seasonally adjusted, may and will add up due to rounding

Source: CSO

\$0.1bn.

Last month's smaller deficit was also helped by a bigger surplus in Britain's oil trade, which increased to \$0.2bn, \$0.1bn more than in July.

The CSO is assuming that Britain's invisible trade

- which includes services, royalty payments and other financial transactions - was in balance both last month and in July.

On the basis of this assumption, which is likely to be changed in the next few

months as a result of revisions, the overall current account deficits for both months is for the moment described as identical to the visible trade deficits for these periods.

Quarterly figures for visible exports and imports give a better view of underlying trends in the economy. In the three months to August, imports were 6 per cent down on the previous quarter, underlining the slowdown in consumption.

UK manufacturers, even though they may be heartened by the promising export figure, are concerned about the underlying picture. In the three months to August, exports were 1.5 per cent less than in the previous quarter, confirming the view that export-oriented manufacturing companies are finding life more difficult - a result of the high sterling exchange rate and the slowdown in the global economy.

Greens wary of grasping the nettle

Ralph Atkins at the Green Party conference examines tactical debates

A YEAR after their European election triumph, members of the UK's Green Party are still refusing to behave like normal politicians.

Today Mr Chris Patten, the ruling Conservative government's environment secretary, will unveil a policy paper which is likely to borrow heavily on policies the Greens have long been advocating.

The Greens are thus in danger of losing the political initiative - but seem divided as to how to respond.

Far from wanting to seize real power, most Greens appear content merely to organise. "We are delighted when the other parties actually begin to take on board the things we have been saying," said Ms Sara Parkin, Green Party speaker.

In the past year, the party's electoral chances have been dashed by internal contradictions. Greens want fundamental and dramatic changes to modern industrial societies, but also want to win elections. They want a sense of direction, but do not like strong leaders.

The party is a collection of 19,000 like-minded individuals who try to involve as many as possible in decision-making. But this can result in cumbersome conferences bogged down by procedural combat. Policy-making is long-winded, more likely to be dominated by amendments to amendments than the substance of ideas.

However, a reformist streak



Green Party supporters launch radical plans to increase mobility in London.

believes that such a structure is inappropriate if the party is to win influence. In the Green parties of other countries the debate has been described as one between "realists" and "fundamentalists". In Britain, it is more that individual members want to have their cake and eat it.

Those with stronger "realist" tendencies have organised around the banner of "Green 2000". It urges the party to aim for government by the beginning of the next century with an elected "leadership team". "I don't see the point of having beautiful policies if no one is implementing them. It is like

locking works of art in your basement," said Ms Jean Lambert, another party speaker.

Even here there is little compromise over ideas. More the aim is to make the Green agenda more palatable and to focus on developing saleable "transitional" policies - such as a Green budget for its first term of office.

Green 2000 faces substantial obstacles. Words like "leadership" and "taking power" are emotive. "I don't want to be in power. I want to share power with the people," says Ms Penny Kemp, an activist. "I want to enable people to have power in the political system."

Currently the Green Party is represented in public by "speakers". On Monday the conference decided to elect six such representatives annually. But, speakers are not to be confused with leaders.

"Leadership is about presenting vision. That doesn't require one person. It should be revolving because people come up, present a vision, and then step back," said Ms Kemp.

But the cost of such idealism is that changes in the structure of the party have been barely perceptible. And, as Mr Patten will prove today, some of the Green party's clothes will be stolen by others.

GLOBAL WARMING

London issues strongest warning yet

By John Hunt, Environment Correspondent

THE STRONGEST warning on the dangers of global warming yet to come from the British government was delivered yesterday by Mr John Wakeham, the energy secretary.

Speaking on the eve of the publication of today's policy document on the environment, he said temperatures could rise so much that it could "make Saddam Hussein's current territorial ambitions pale into insignificance".

He said that the role of nuclear power - the only major energy source which did not contribute to global warming - needed to be looked at again in order to offset the threat. Energy efficiency and renewable power such as solar energy, wind and hydro-electric also had to be stepped up.

The vast majority of people had yet to become convinced of the reality of the threat.

"We may not yet have been frightened enough. If we continue to contribute to an acceleration of climate change sea levels could rise to submerge nearly a quarter of a million miles of coastline by the end of the next century."



John Wakeham

"The world could be facing extensive drought, famine and disease."

A bitter clash between the government and Greenpeace, the environmental pressure group, took place yesterday.

It was sparked off by a report published by Greenpeace claiming that the government's environmental policies were so bad that Britain would remain "the dirty man of Europe" into the next century.

tury unless the policy paper introduces sweeping changes.

In advance of the report Mr Chris Patten, environment secretary, accused Greenpeace of the "worst sort of political pollution". He said it had made no contribution to the debate on the policy paper and had become "shrill and partisan". Yesterday he said on BBC Radio that the criticism by some green pressure groups was "preposterous and nonsense".

Lord Melchett, executive director of Greenpeace, accused Mr Patten of making "cheap jibes" and inaccurate and unfair accusations against the organisation. He saw the attack as an attempt to drive a wedge between the environmental organisations.

Britain's leading expert on climate change today called on the United States to set a target for stabilising greenhouse gases, adds the Press Association.

Dr John Houghton, chairman of an intergovernmental panel on climate change, which has advised the Government on measures needed to

avoid the threat of global warming - made his appeal at the launch of the Climate Change Report.

"I think it would be helpful if America set a target for stabilising their emissions in order to show the world they are taking it seriously," he said.

The United States has so far refused to name a target date for curbing carbon dioxide and other warming gases in the atmosphere.

Mrs Thatcher has said that the UK will attempt to peg carbon dioxide at 1990 levels by 2005.

European countries have gone further by deciding to make bigger cuts five years earlier.

The split, which resurfaced at the weekend during informal EC environment ministers' talks in Rome, will be at the centre of negotiations at the second world climate conference in Geneva next month.

Dr Houghton's report predicts rising sea levels as the earth's surface warms up through the imbalance of greenhouse gases.

Poor bill of health for cellular industry

By Hugo Dixon

DIRE WARNINGS about the health of the UK cellular communications industry were given yesterday by one of its pioneers, Mr Marc Albert, managing director of Euro Cellular, a cellular retailing company.

Speaking at the Financial Times Conference on World Mobile Communications in London, Mr Albert said many cellular service providers - which retail services on behalf of the network operators - were saddled with bad debts and some were in danger of going bankrupt. He also said unscrupulous practices by some service providers had damaged the reputation of the



industry. "They have slaughtered the very goose that laid so many golden eggs."

Mr Albert's comments were in stark contrast to the previous success of the UK cellular

industry, which has signed on more than 1m customers in five years of operation.

Mr Peter Mihatsch, chairman of Mannesmann Mobilfunk, which recently won the licence to run Germany's second cellular network, said his company would follow the British example of encouraging service providers but would try to avoid many of the mistakes that had been made.

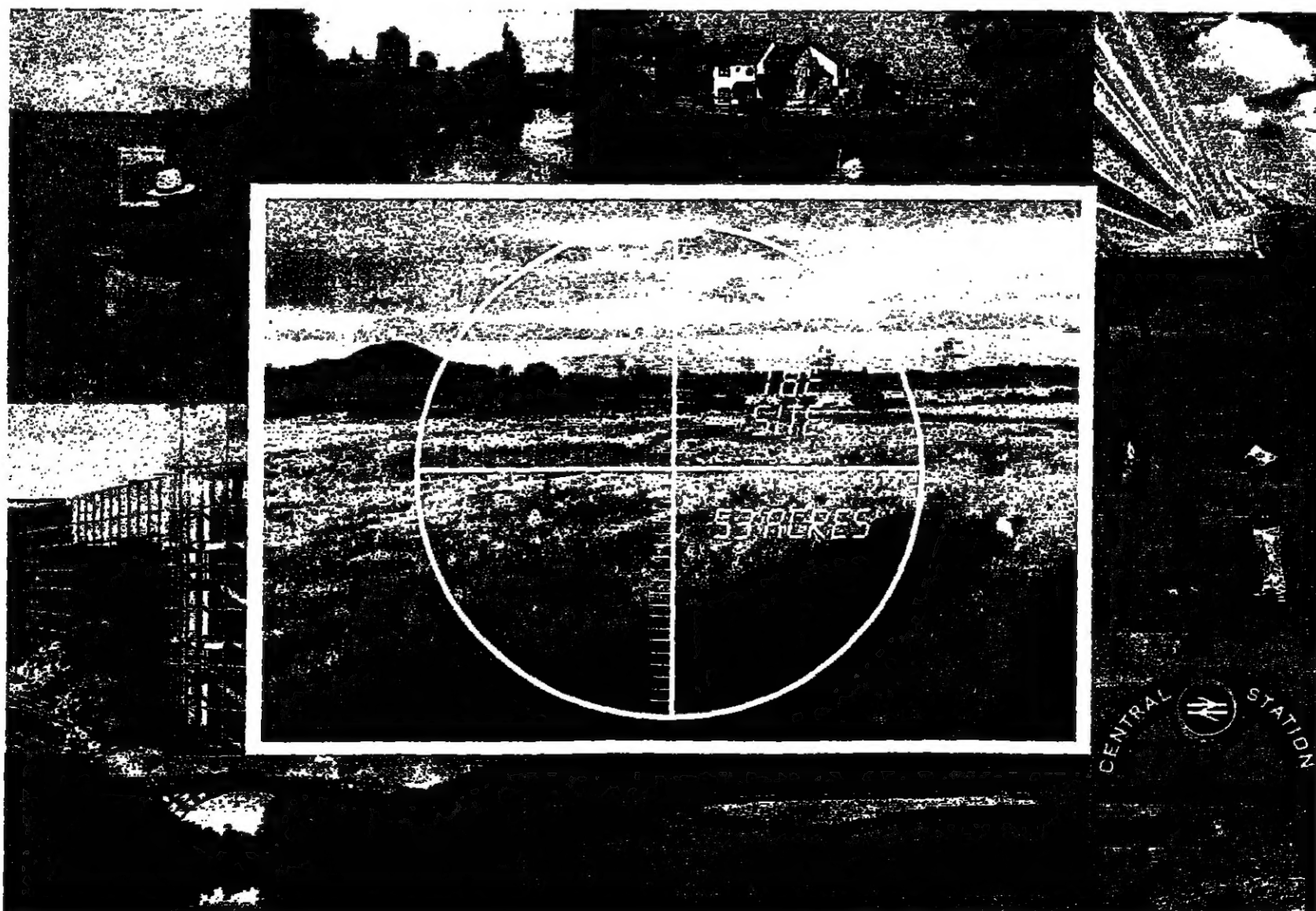
Mr Armin Silberhorn, head of the European Telecommunications Standards Institute's technical organisation, turned his attention to the mobile communications services which would appear at the end

of the century. Known as Universal Mobile Telecommunications Services, these systems must be worldwide, personal services attracting 50 per cent of the population and must be capable of supporting high traffic densities, he said.

Mr Koji Tachikawa, associate vice president of Nippon Telegraph and Telephone, the Japanese telephone company, explained that the Japanese cellular market was still growing phenomenally. The number of customers doubled to 500,000 in 1989, was expected to double again this year and was forecast to reach 1.5m by the year 2000.

Japan's largest auto component maker has set its sites on Telford.

When Nippondenso, Japan's largest auto component manufacturer announced that it had chosen a site in Telford as its European base it was in good company. 19 major Japanese organisations live and work here, part of a total of 111 overseas investments. They are drawn by the tremendous range of modern facilities available in this community, uniquely sited in the beautiful rural surroundings of Shropshire and yet just 45 motorway minutes west of Birmingham and the West Midlands marketplace.



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ment boards in some English regions, advise the government on its programmes to support industry in specially designated assisted areas.

The UK market for truck manufacturers remained depressed in August with statistics showing a 28.61 per cent drop in total truck registrations last month.

Changes in arts funding

In his first initiative since his appointment as Minister for the Arts in July Mr David Melfor announced changes in the organisation of the regional funding of the arts in England

which strengthen central control and should re-assure many arts organisations who were worried by the devol-



Mellor: new initiative

In March Mr Luce announced that funding of the arts in England would be devolved to Regional Arts Boards, with the previous pay-

Mr Mellow has refined this strategy. He has recommended that the size of the new Boards should be reduced from around twenty four directors

to twelve; that the number of local authority appointments of directors should be reduced

from a half to a third; that more senior executives employed by the Boards should also act as directors; and that the chairman of the Boards should be appointed by

Belfast group fights grant cut

National Power, the UK's largest electricity generating company, confirmed plans to close five power stations with the

Mellor: new initiative
tion proposals recommended by Mr Mellor's predecessor as Arts Minister, Mr Richard Luce.
In March Mr Luce announced that funding of the

arts in England would be devolved to Regional Arts Boards, with the previous paymaster, the Arts Council, only directly funding a dozen or so national companies.

Mr Mellor has refined this strategy. He has recommended that the size of the new Boards should be reduced from around twenty four directors

to twelve; that the number of local authority appointments of directors should be reduced

from a half to a third; that more senior executives employed by the Boards should also act as directors; and that the chairman of the Boards should be appointed by

The stations are at Bold, near St Helens; Meaford, Staffordshire; Wakefield; Stella North, Newcastle upon Tyne.

North, Newcastle upon Tyne, and Stella South, Gateshead. Each station is coal fired, more than 30 years old and produces electricity at a loss. Mr John Baker, National Power's chief executive, yesterday blamed over-capacity in the industry, which he said was forecast to last until the mid-1990s.

Interest rate warning

High interest rates are dampening economic growth and threatening cuts in investment, the government has been warned by the chairman of its industrial development

The warnings that gathering slowdown will undermine investment are contained in the annual report on the opera-


the annual report on the operation of the Industrial Development Act 1982, under which the government provides com-

The statutory Scottish and Welsh industrial development advisory boards, and the non-statutory industrial develop-

The controversy over the Government's withdrawal of funding for the Belfast-based Irish language group Glór na Gaeil is being taken up in a European forum tomorrow.

A report on the disputed decision will be discussed in Sweden by the European region of the International Council on Social Welfare, an umbrella body for community

Last month, Mr Peter Brooks, the Northern Ireland Secretary, announced that £80,000 a year in grant aid was being cut, under legislation that bars giving help to groups believed to be linked with paramilitary organisations.



Brooke: announced cut

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TECHNOLOGY

Unix stays level

GROWTH in expenditure on computers that use the Unix operating system - which is at the heart of European governments' "open systems" purchasing policy - has slowed over the past year, concludes a new market survey released last week.

The Unix Report, published by APT Data Services of London, suggests that growth in the Unix market is slower than previous recent years - particularly at sites that already own Unix systems. It concludes that much of the recent Unix market growth has been at "green-field" sites which do not already use a Unix machine.

"While no one could suggest that Unix growth was flattening out, or even slowing, one of the most critical points indicated by this research is that the 270 user sites interviewed only plan to buy roughly the same amount of kit they bought last year," it states.

The report also suggests that much of the money previously spent on such terminals is now used to buy PCs.

The report concludes that expenditure in the Unix market is being apportioned differently than has traditionally been the case. "Although Unix sites this year will spend the same amount of money on processors as last year improvements in price performance will mean they can buy more processors, while much of their budget will be aimed at adding networking, attaching PCs and workstations, buying strategic software, continuing the spend on training and broadening the applications that are run on these machines."

One trend which does seem to be indisputable is a consolidation among Unix hardware suppliers. "The number of players in the Unix hardware market has been consolidating and maturing over the past year with some 71 manufacturers surveyed," states the report. Sun, Altos, Hewlett-Packard, NCR, ICL, DEC and IBM now share more than 80 per cent of the market.

Geoff Wheelwright

Published by APT Data Services, Fourth Floor, 13 Sutton Row, London W1. Price \$410.

Next Monday a new chief scientific adviser to the British government takes up his post in the Cabinet Office. Professor William Stewart, 54, succeeds Sir John Fairclough, the electrical engineer who has been Prime Minister Margaret Thatcher's closest confidant on technology and science for the past four years.

The official brief for the chief scientific adviser is to provide "advice to the Prime Minister and the Cabinet Office on scientific and technological matters, or scientific and technological aspects of other issues," and also to "influence positively the economic contribution from government spending in science and technology."

Stewart is a botanist from academia whereas Sir John came to Whitehall from IBM. None the less he shares the belief of both the Prime Minister and Sir John that British science needs to be better organised, more international in outlook and more concerned to see research pay off.

When the Financial Times interviewed Sir John last April, he forecast that his successor would probably be recruited from the environmental sciences.

Stewart can certainly be counted an environmentalist. He has made his mark on the scientific establishment in 1983 with a report on nitrogen in the environment for the Royal Society which identified oxides of nitrogen as a major factor, along with sulphur, in "acid rain"; and with his work for the standing Royal Commission on such issues as the release of genetically engineered organisms into the environment.

Stewart's academic career can be summarised briefly as follows: a professorial chair at the age of 32, fellowship of the Royal Society at only 42, and chief executive of the Agricultural and Food Research Council at 52. In each role he has left an indelible mark.

He was raised on the island of Islay in Scotland and spent student holidays working in the distilleries. "I wasn't brought up to believe in the dependency culture," he says. At Nottingham University he read marine biology. These were formative years, for study under a palaeontologist fired his interest in Darwinian evolution and survival of the fittest.

He brings a blunt Gaelic logic to bear on some fashionable worries. "Life has been

David Fishlock speaks to William Stewart, the UK government's chief scientific adviser designate

Top man takes the 'green' view

present on earth for 3bn-4bn years and during that time there's been survival of the fittest. It's not going to change in our lifetime.

Spells of research in Glasgow, London and Wisconsin led him to evolve from conventional botanist into taxonomist, then physiologist and then biochemist. "Flexibility is the name of the game," he contends. Then he was appointed Boyd Baxter professor of Biology at Dundee University, a post he filled for the next 20 years.

In Dundee he built up biological sciences nearly from scratch to a department of life sciences that ranks among Britain's best. He did it, he says, by hiring the best people. "Then all the rest falls in place."

Stewart insists there was never a personal "corporate plan" designed to bring him to Whitehall and the post of chief scientific adviser. In 1987 he was headhunted by the Agricultural and Food Research Council following the death of John Jinks, its chief executive.

The AFRC is one of the main sources of funds for academic research in the life sciences in Britain. But 1987 was a time of great change for the council. Sir John had already identified it as a sector of government-funded research badly in need of audit.

Historically, the AFRC had done an admirable job of helping make Britain self-sufficient in food after the Second World War. But with growing food mountains in Europe, the traditional research targets of improving domestic productivity could no longer be rated high priority.

Late in 1987 Stewart inherited an AFRC in some disarray, with a severely reduced budget. He advocated a merger with the Natural Environment Research Council, where he served for six years, and saw no need for boundaries between the two.

He brought his skills of managing research to bear on the work of AFRC Institutes, traditionally focused on local problems. He identified four urgent needs:

● The AFRC must safeguard future supply of life science skills, so he persuaded government to double its funding of university life sciences.

● It must reorganise into bigger, multi-disciplinary teams appropriate to research challenges of the 1990s, which

could be properly equipped with the instruments and computing power enjoyed by the physical sciences. He also introduced international collaboration.

● Because technology was changing so fast, the AFRC must plunge deep into the fundamental molecular biology which underpins the bio-sciences. He fought for and won substantial new government funds for this research.



William Stewart: 'Flexibility is the name of the game'

● It must make a major bid to get the agricultural industries to fund near-to-market research by the AFRC under contract.

He leaves a restructured AFRC with a new and expanded £150m-a-year R&D programme, longer term in its thinking, and spending proportionately more of its budget on science and less on overheads. "I don't care what the organisational structure is, so long as as little of the budget as possible goes into the bureaucracy and as much as possible into supporting creative science."

The AFRC has also set up an international branch headed by an economist, busy forging research links with places as far afield as the US, the Soviet Union, Japan and Australia, as well as the EC. And major new projects are being organised in partnership with other research councils.

The merger with NERC has not happened. But his proposal led to the Morris report, which in turn led to a slimmer, stronger Advisory Board for Research Councils and closer collaboration between all five research councils. In his new role he will become an assessor to the ABRC.

Stewart has chosen - on the advice of his predecessor - to remain ungraded, somewhere between a deputy secretary and a permanent secretary in civil service grades. This will give him the extra degree of freedom which Sir John exercised on behalf of science for the past four years.

His foremost priority for the new job is "to provide impeccable scientific advice" in a world where science impinges upon almost every facet of society. As he understands the job, he brings special experience in five broad areas.

First, as an academic, he is keenly aware of the importance to Britain of a skilled, flexible and innovative workforce.

Second, as a "biologist with environmental interests", he is keenly aware of environmental issues and research in this sector.

Third, he is eager to see research results used and is involved in the manifold problems of technology transfer.

Fourth, he believes that success in science today depends upon interacting with other specialisations in multi-disciplinary projects and programmes.

And finally, William Stewart is sure that success in science increasingly means international collaboration to spread the cost.

IT investment a one-way street

By Alan Cane

CITIBANK spends \$1.5bn (2800m) a year on information technology - 20 per cent of its non-interest costs or the equivalent of \$19,000 a year for each staff member.

Comparable IT spend for the United Bank of Switzerland is about \$240m a year, a substantial 20 per cent of non-interest expenses, but only \$12,000 a year for every employee.

A large but anonymous British clearing bank is spending \$500m on IT each year, 15 per cent of non-interest costs and equal to \$4,600 for each staff member. French banks are spending similar amounts.

These figures, quoted by Kirt Mead of the US-based Index Group, give a telling measure of the kind of expenditures on computing hardware and software which large financial institutions believe is essential to stay ahead of the game. Mead predicts that IT costs will continue to rise in relation to other costs.

While the banks have been leaders in IT investment, other industry sectors are following suit, so Mead's figures underline one of the most interesting constraints in business today. IT and intend to carry on spending at the same or an increased rate, very few seem to believe they get value for money out of their investment.

Why should this be? Received wisdom is that investment in IT is money well spent because it gives a company a cutting edge that is denied to its competitors. Indeed, a recent survey among UK companies indicated that 30 per cent said their chief reason for investing in IT was to gain a competitive edge. A further 31 per cent said their business would not be possible without computers.

But the survey, carried out by Best Hochstrasse and Catherine Griffiths of the Kohler Unit at Imperial College, found that only 24 per cent of the sample believed positively that their IT spend showed a better return on capital than other investments.

One in eight companies thought they were getting an inferior return on their money. Despite this, Hoch-

trasse and Griffiths noted: "Most companies within this sample are not considering pulling out of IT but are planning to increase their IT investment further over the next three years."

One answer is that companies spend money on IT almost as an act of faith because they have no way of measuring its effectiveness. Investing in IT is like driving down a one-way street, says the Kohler team: "Once the direction has been set, there is no turning back. The company has lost control of the direction and is forced to continue down the same road, propelled by the momentum of previous IT investments."

Hochstrasse and Griffiths argue that the key to success in regaining control of IT investment is the formulation of a corporate information strategy based on management goals which are derived from the company's sense of its business mission, feedback from its customers, and information about its competitors.

With the information strategy in place, an IT strategy to realise the management's goals can be developed. It sounds obvious, but the Kohler Unit points out: "If implementation is not preceded by a comprehensive IT strategy, as has been found in 66 per cent of cases in our current study, a company will subsequently experience a strongly increased number of IT related difficulties. This suggests that the relation between strategic planning and business success is a major hallmark distinguishing successful from less successful companies."

Another hallmark recognised by the Kohler Unit was a company's willingness to change, a "proactive corporate culture" which encourages risk taking and individual responsibility. "The role of management itself is thereby changed from a dictating role to a facilitating one and a new emphasis is placed on building multi-functional teams."

"Regaining control of IT investment: a handbook for senior UK management. The Kohler Unit, Imperial College, 180 Queen's gate London SW2

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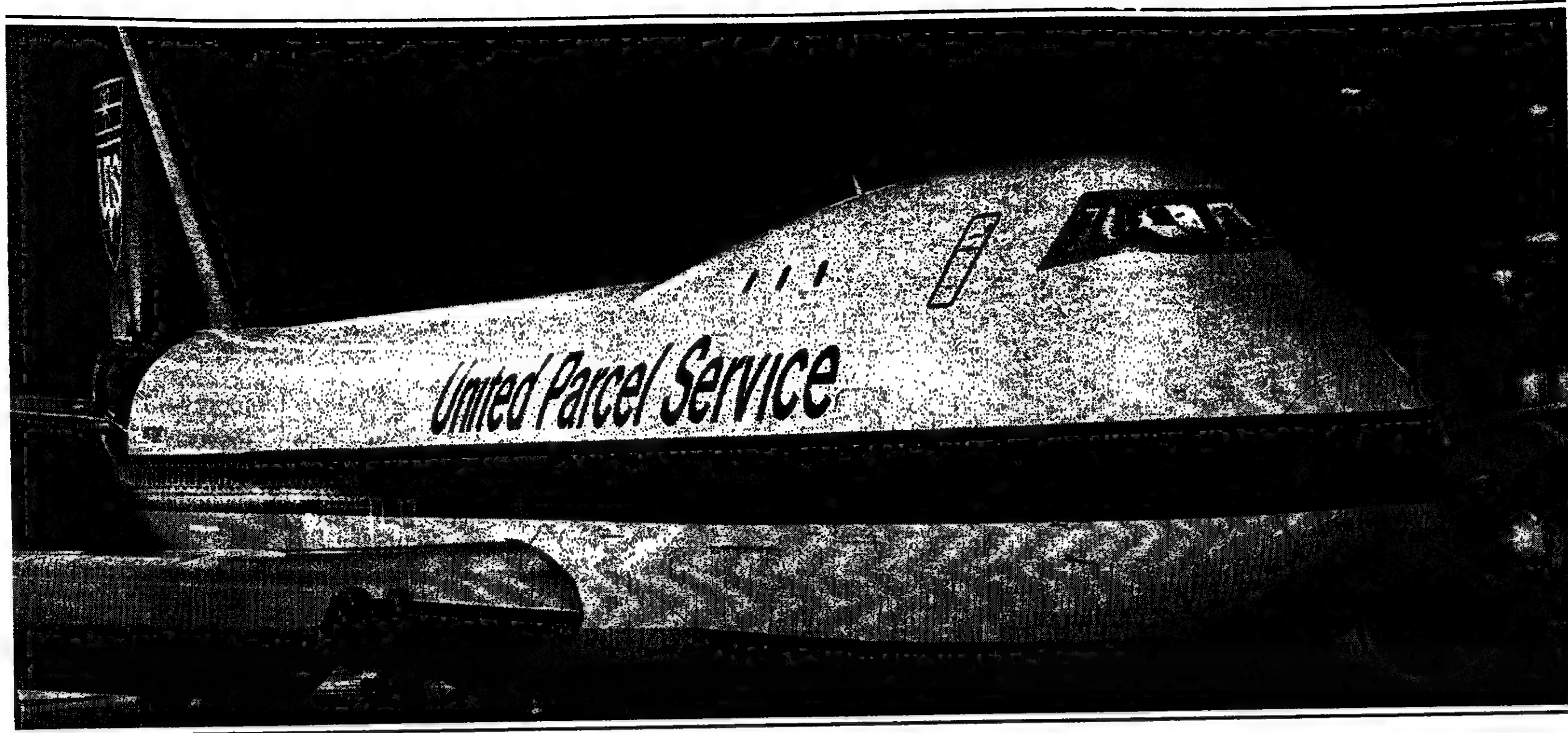
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ARTS

The Flute and Tosca

GRAND OPERA HOUSE, BELFAST

Clare Venables, formerly artistic director of the Crucible Theatre at Sheffield, makes her debut in opera with Opera Northern Ireland's new production of *The Magic Flute*. This is not, of course, the easiest of "first operas" for even the most experienced theatre director to tackle; but if the success of Saturday's opening performance is anything to go by, Miss Venables has a native gift for the medium which deserves to be widely exploited.

Certainly, she has produced one of the freshest, most thought-provoking, and most joyful *Flutes* I have ever encountered. A wave of inspiration seemed to flood out from the stage and seize the whole theatre; when the performance becomes "got right," the production becomes — as it did on this occasion — life-involving, even on whose progress cast and audience are jointly engaged. I wanted it never to end, or else to begin all over again at the final curtain by no means the inevitable *Flute* response.

The production is planned to speak to the Belfast audience in terms of the most uncluttered directness (the use of Jeremy Sams's brilliant ENO translation is no end of help). The decor (designer Tim Reed, lighting Ace McCarron) is no more a series of reversible panels, grey-concrete textured, covered on either side with graffiti (on closer inspection they are revealed to be *Flute* quotes), with a rough back wall on which three temple doors are cartoon-painted in red. The scene suggests an inner-city school playground, already transformed into urban wasteland and yet it is never miserable to the eye, because the transformations are worked with such speed, and because the purpose of the setting is revealed with marvellous theatrical logic.

This is a *Flute* filled with children, seen sitting at school-desks during the overture, acting as part-time animals and scene-changers thereafter, filling the auditorium at the finale. The dress (Tamino in cream suit; Pamina in white strapless dress; Sarastro and his followers in dull school-teacher garb) is uncluttered modern; the Ladies (unforgettable in the Royal National Theatre's *Fuente Ovejuna*) are given the mod-stylishness of television entertainers.

In description the production sounds

horribly unpromising. In action, the mercurial mixture of the 1980 everyday and the mysterious (Miss Venables's exploitation of Masonic symbolism shows enormous care and wit, and even, in a province full of Orange lodges, a certain daring) is exactly what this opera requires to strike directly into the hearts and minds of an un-specialist audience. To learn to grow up wisely, find spiritual meaning, in a hostile landscape is one of this opera's most important themes; very rarely have the players of Tamino and Pamina entered into this maturing process as vividly as they do here. Perhaps the qualities of *Flute* — nature-beauty and picturesqueness are lost along the way; in context, they are a small sacrifice.

This is, in sum, a revelatory experience. To my mind, indeed, it achieves everything the much-hyped Peter Sellers staging at Glyndebourne was supposed to, with infinitely less all-seguedness and a far more humble approach to the text. And musically, the Belfast performance has a polish sorely lacking this summer in the *Heilgen Hallen* of East Sussex. Kenneth Montgomery, company artistic director and himself a Glyndebourne alumnus, conducts the Ulster Orchestra with a beautifully judged mixture of gravitas and fleet-footedness; some of the speeds are daintily fast or slow, but the production and the music continually illuminate each other.

The stars of the cast are John Mark Ansley (the most lyrical and musical of the young British tenors), Tamino, Rosamund Joshua (a vibrant, passionate yet disciplined Welsh soprano) as Pamina, and above all the Papageno, rueful English-Northern, of Geoffrey Dolton. He plays the audience with the sort of inspired raucousness, now near-camp, now broad burlesque, that must have had Schulzinger smiling down from the heavens; his rubber features and liquid baritone are used with a master's control. The spitfire Queen (Nicola Sharkey), the grave, sometimes irascible Sarastro (Stephen Richardson), and the excellent Ladies and Boys (six of the latter) demand a mention. The actor Clive Rowe (unforgettable in the Royal National Theatre's *Fuente Ovejuna*) is the most believable and significant Monostatos I have ever seen.

"Rush off to Belfast for this *Flute*!"



Eleanor Bennett, Therese Feighan and Riona Bradley as the Three Ladies in 'The Magic Flute'

may sound unlikely operatic advice; but it is earnestly meant. The companion-piece of the 1980 ONI season, *Tosca* (done in Italian with inadequate subtitles), is on a more ordinary level. Yet it too is freshly offered. The playing of the Ulster Orchestra under Christopher Bell (a musical, insufficiently tension-eliciting conductor) is excellent. Rites Hebert's production is clean-lined. And the casting of the principals is imaginative. The French Sylvie Valayre may not be one of nature's Toscas, but she is attractively youthful, with an individual timbre of soprano rather hard

in edge but quick in attack; Daniel Doster, a tall, not very forceful American tenor, brings lovely unforced lyricism to Cavaradossi's more reflective passages. Last year's sensational Gonnard Mephistopheles, Frédéric Vassar, shows us a Scarpia of such aristocratically suave, elegantly styled menace as to obliterate most recent incumbents in the role (including those baritones more naturally suited to the voice-writing) from memory.

Max Loppert



'Head of J.Y.M.' by Frank Auerbach, currently at the Marlborough Gallery

A very modern painter

It has long been the case, though one not always acknowledged, that much of the best of current painting being done anywhere in the world is the work of Englishmen. Should the doubtful require example, the even chance is that the first name to be given would be that of Frank Auerbach. With two London shows concurrent, of recent paintings and drawings at Marlborough Fine Art (6 Albemarle Street W1, until October 20) and the complete etchings and further studies at Marlborough Graphics (42 Dover Street W1), and Robert Hughes's much-needed critical monograph lately published (Thames & Hudson 226, 240pp), we may well see the reason for his adoption.

Auerbach, in fact, is English only by adoption, sent alone out of Germany in the spring of 1933 at the age of eight by parents whom he would never see again. But his art is nonetheless English, formed by English education and experience, steeped in the particular English version of the figurative tradition, passed on to him by the hand of David Bomberg, that goes back through Sickert directly to Degas and Ingres. At the heart of his work is the constant, unrelenting, objective study of the figure, and by extension the real and visible world, tested and confirmed by pragmatic experience. Such was the fundamental practice of the old English art school, until thrown over for wider studies, more up-to-date, some 25 years ago.

For his part, Auerbach has remained with the figure and the immediate urban landscape, painting from the same few models, year in year out, and the streets and buildings sites just beyond his studio door. He seldom leaves London and then only for a day or two. And for the great art of the world, the great, seamless tradition with which he so closely identifies, for Rembrandt, Velasquez and the great Venetians — why, Trafalgar Square is just down the road: "It was never out of England — it's as if I saw it all."

Hughes rightly sets great store by Bomberg as the teacher of the young Auerbach, but rather more for his general moral example, his probity as an artist independent of any worldly success, than for his actual practice before the life model. But in making rather less of the practical influence, he is perhaps less than fair, for while the younger Auerbach was most certainly closer to Bomberg in the spirit of earnest, concentrated application, the older he gets, the closer he comes to the freedom and bravura of the older Bomberg, in the sweet richness of the paint and the swift, full swing of brush or charcoal across the surface. It is, in the work of both men, the integrity of the mark with the image, at once entirely distinct and yet potentially split, that takes the breath away.

Auerbach is now, in his late fifties, the great painter he always was in potential. The portrait heads in particular are as remarkable as anything done by anyone at least since the war, at once monumental and immediate, wonderfully alive and yet fixed for ever. Each has its own

secret history, layer upon layer of pigment, and yet here is the definitive image established as it were in a moment, as assured in its rightness as Zen calligraphy. As Hughes puts it: "Stress produces constants and these constants are the style... Newness rises from repetition. It is the unfamiliar found in the midst of the most familiar sight, like the head of someone you have been painting for twenty years." Auerbach simply remarks that real style is "how one behaves in a crisis... to have done something both unforeseen and true to a specific fact seems to me to be very exciting."

International recognition, however, has been long in coming. I remember, in 1986, when at his behest at last to represent Britain at the Venice Biennale, being asked by the editor of a North American art magazine just who Auerbach was. Hughes, art critic of *Time* and based in New York, knows all too well the deep, complacent parochialism of the American art world, and is quite right to point the difficulties an artist of Auerbach's dogged consistency and slow development must face in an age that mistakes mere novelty for that essential newness.

Certainly it is true that from the late 1960s until the end of the 1970s, good, old-fashioned — in the true sense — connoisseurs address to the figure and the landscape were generally disregarded by the international commissions of high modern art. But England was different, and it was never true that Auerbach was critically neglected at home. He may not have been given the international exposure he deserved, but he showed regularly — indeed the Arts Council gave him a retrospective in 1978 — and he was always respectfully received. For whatever the current orthodoxy, the independence of his position and his integrity as an artist were always acknowledged.

This is not nit-picking, for no myth, no matter how innocently promoted, serves an artist's true reputation. The distinction worth drawing is rather that in Europe, most especially, in Britain and in what was the Eastern Bloc, he preserved the old understanding that it is in the nature of art for the artist to grow, change and develop in his work over an entire career. It has nothing to do with novelty, instant fame and ready marketability. In Britain, until recently, artists hoped, but never really expected, to live by their work, and were sustained rather by the respect of their peers. In this respect Auerbach was never anything but secure.

Hughes, in a book copiously and beautifully illustrated, does his subject handsome justice, both in his account of the life and his analysis of the work. His last shall be the last word: "... the clear purpose... is to clarify Auerbach's struggle, not to 'express himself', but to stabilise and define the terms of his relations to the real, resistant, experienced world which in what art must do, today as yesterday, if it is to be more than chatter." Amen to that.

William Packer

The Waterboys

APOLLO THEATRE, OXFORD

Though entirely dominated by their singer/writer Mike Scott, The Waterboys are not quite a Irish one-man band. The personnel seems relatively stable, and the current four-piece outfit assembled for the new album *Room to Roam* contains faces familiar from its fine predecessor of 1988, *Fisherman's Blues*.

Yet some of the more attractive trappings of the earlier songs have gone — there is, significantly, no fiddle in the current concert line-up — and with them, on Sunday night's showing at least, a good deal of the distinctive energy and appeal.

The Oxford show, mid-way through a British tour that reaches London next weekend, was only fitfully engaging, and too often perfectly anonymous. I doubt any sensible band dreads the prospect of becoming tied to a single marketable formula, and Irish rock currently offers a pair of trusty alternatives — to go west with U2 or to stay closer to home with a folk-based band.

But in electing to find a path of their own the Waterboys appear to have lost all sense of direction. The songs pulled out of the new collection had a noisome mawkishness that recalled, perhaps a bit unkindly, an Irish lad another generation (Gilbert O'Sullivan). Scott at the piano, flat cap 'n' all,

pounding out basic riffs and fashioning some cloying lyrics.

Those were the low points. The Waterboys were at their best when harking back — to the eponymous "Fisherman's Blues", its yet more distinct companion piece "Strange Boat" and an energetic reworking of Dylan's "Everything Is Broken" (Scott's vocal style owes much to that source), and a couple of flashes of unbounded Irish folk.

But too often it headed out into the mainstream of contemporary rock, where their playing lacks any kind of instinctive verve or flair. The subject matter may still be bounded in Ireland, but the music has lost the rhythmic energy it distilled from that tradition, and with it a good deal of distinction.

Andrew Clements

Soldiers cancelled

The touring production of *Soldiers*, which was to open in London on October 2, has had to be cancelled owing to the poor health of the actor in the lead role, Winston Churchill, David Newark.

Musica Nova

GLASGOW

Since 1971 the Scottish National Orchestra, Glasgow University and BBC Scotland have combined forces every two or three years to present a week of contemporary music. *Musica Nova* is the orchestra-based, it is necessarily distinct from, say, Riddell's more extensive annual programme in which smaller-scale events are the norm, and the sprinkling of orchestral concerts a positive luxury. Over the years a formula has been established: rather than scatter-shot performances spread across the whole spectrum of new music, each festival fastens on to a group of four composers-in-residence, with an emphasis on their recent works.

The eighth *Musica Nova*, which ended on Saturday, brought together a thoroughly heterogeneous quartet — John Cage, Wolfgang Rihm, Nigel Osborne and James Macmillan. There were brand-new commissioned pieces from all of them — concertos from Macmillan and Osborne, an orchestral work (as well as a number of *Brava* premieres) from Rihm, while Cage furnished his *Scottish Circus*, a characteristic galimatias of improvised fragments for the traditional Scottish folk band the Whistlers. The Cagean formula seems so familiar nowadays that he appears to offer an off-the-shelf festival package, for which any organiser can

expect him to dispense his undeniable charm and beatific smile, and come up with a more or less riotous collage to suit the occasion. One gains no more insights into the composer in the process, or any longer perspective on his achievement; perhaps that's the point.

Nor, alas, did the Osborne works I heard in Glasgow suggest any new lights on his recent development. Osborne is marvellous value in these circumstances, a fondly articulated, debater and tirelessly open-minded enthusiast, yet his own music appears to have marked time since *The Electrification of the Soviet Union* in 1987. The new Violin Concerto, played authoritatively by Ernst Kovacic with the Scottish Chamber Orchestra and Paul Daniel, was fluent, rather densely textured, especially in the close-up acoustic of the Henry Wood Hall) and ultimately lacked the memorability of his 1977 Cello Concerto which had been included in the previous evening's concert. Where the cello work has a finely moulded shape, and a sequence of crisply focused musical images, the Violin Concerto is almost stream-of-consciousness manipulation, as if Osborne was applying his methods by rote. He has too much talent and too much intelligence to be satisfied with that kind of routine for long.

With Macmillan and Rihm, however, one made substantial progress, though not always of a predictable kind. Few European composers needed systematic exposure in Britain more than the 38-year-old Rihm: his output is vast, and bewilderingly varied, and what seem like momentous sea changes in style from one piece to the next have yet to be related to the personality of the composer. An absorbing two-hour lecture in Glasgow filled in some of the jigsaw, revealing not only a thoroughly engaging personality, but an instinctively musical one. He adheres to no school or system, but immerses in the physical properties of each composition in an almost tactile way, so that his description of them as "sound sculptures" seems not at all misplaced.

From the works played at *Musica Nova* and the tapes which illustrated his talk, the most fruitful point of contact with Rihm's recent music might be through the final chapter of *Lulu* (1980). There is a similar fastidious concern for the smallest scraps of sound, for working on the blurred edge between music and noise; as in late Nono too bell sounds glint through his textures. The commissioned work, *ins offense*, is dominated by metallic resonances. Antique cymbals, trumpets and solo violins dispersed around the hall set up a dialogue with the main instrumental group on the stage; the webs of sound are always fragile, the pace measured, climaxes and accelerandos short-lived. The music fades away as enigmatically as

it was brought in: the territory has been only partially explored and another, quite different, journey through it would be a real possibility.

Macmillan came to this festival as the brightest hope of Scottish music, with the success of his Edinburgh and Proms performances just behind him. The immensely popular *Proms* piece, *The Confessions of Isabel Gaudin*, was repeated here (just as finely played by the BBC Scottish Symphony and Jerry Maksymik) and received with equally massive enthusiasm, but the small doubts that a second hearing raised were intensified by the subsequent Macmillan orchestral pieces and particularly by the new piano concerto, *The Berserker*.

Isabel Gaudin treads a fine line in its fusion of models; the balance is just about maintained and the pacing sustained enough to carry the listener through the doubtful moments. In *Trysk*, a substantial chamber-orchestra piece from 1980, the pacing fails; it is too long, makes its expressive point (the intricate presentation of a folk-style melody) with too much self-conscious rhetoric, and allows Stravinskian muscularity to overwhelm any hint of deeper individuality.

The Berserker comes with a lucid programme note in which Macmillan invokes the Scottish nationalist cause and football as the starting points for a study in the dynamics of "mass human energy." The piece was written for Peter Donohoe and realised by him with great panache; the SNO was conducted, most effectively, by Matthias Bamert. Here the regulation middle-period figure is grafted onto keyboard Baroque, with elements of Messiaen and Varèse added for good measure. There is no attempt at a synthesis; each voice is unbridled, and the resultant stylistic jolts are enormous. Which is not to deny Macmillan's substantial talent simply to suggest that in attempting to create an accessible language (for the most convincing political and religious motives) he has gone too often for the easiest option. His earlier music does not take such facile ways out, and one hopes he will regain that better balance in time for the opera he is writing for the Traverse Theatre.

Andrew Clements

Jazz musical at Stratford East

A jazz musical by Clarke Peters, *Five Guys named Moe* (or *Dudes in the Night*), featuring the music of Louis Jordan and choreographed by Charles Augins, will open at the Theatre Royal, Stratford East from October 12 to November 24. The cast, which includes Charles Peters, Kenny Andrews, Paul J. Medford and Peter Newton, is directed by Paulette Randall with vocal arrangements by Chapman Roberts.

ARTS GUIDE

OPERA AND BALLET

London

Royal Opera, Covent Garden. The opening production of the new season is *Therese*, by the production by Andre Serban. Gheza Dintirova, Vladimir Popov, Lucia Mazzuca and Robert Lloyd take the leading roles, and Colin Davis is the musical conductor.

English National Opera, Coliseum. Highlight of the whole London operatic week is the city's first showing of *Grease*, an opera by the young English composer Mark-Anthony Turnage based on the Steven Berkoff play which caused a sensation on its previous appearances (in Munich and Edinburgh). The cast of four — Helen Charroche, Fiona Rimm, Quentin Hayes, Richard Stuart — is conducted by Richard Baines. More performances of the cogent, boldly Expressionist new production of *Grease*, conducted by Mark Elder, staged by David Pountney, with Donald Maxwell in the title role, and of Jonathan Miller's 1980-style *Tosca* production — a good idea not very successfully realised.

Dance. The only dance in London is the Ballets Africains at Sadler's Wells.

Brussels

Théâtre Royal de la Monnaie. The Monnaie opera in Verdi's *Don Giovanni* is performed by the Philharmonia Orchestra with John Eliot Gardiner as conductor and by the Théâtre de la Monnaie choir conducted by Donald Palumbo (40282840).

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Paris

Verdi Festival (until Sept 30). Gustav Kuhn conducting Verdi's *Alcina* with a cast of young prize-winning singers and the Bologna Comunale Orchestra (at Teatro Magnani in nearby Fidenza). Daniel Orenovich *Il Trovatore* at the Teatro Regio in Parma, in an edition revised by David Lawton, with an excellent cast led by Raima Kabaivanska. Nicole Martinucci, Leo Nucci and Bruna Baglioni (426887).

Berlin. *Die Zauberflöte* is a well done repertoire performance. *Die lustigen Weiber von Windsor* features Lucy Peacock, Gudrun Selen, Patricia Johnson, Alfred Kuhn and Barry McDermid. *Così fan tutte* has a strong cast led by Angela Denning, Mariana Ciomand, Carol Malone, Alejandro Ramirez and Andreas Schmidt. *Der fliegende Holländer* with Robert Hale, Janis Martin and Gerald Brenan.

Hamburg. The revived *Elektra* in August Everding's production stars Eva Randova, Gwyneth Jones, Linda Fiesch, Harald Stamm and Ticho Parly, conducted by Gerd Albrecht. *Tosca* has Nadia Troitskaya conducting in the title role. *Fidelio*, conducted by Nikolaus Harnoncourt has the interpretations by Josef Protschka, Ana Pusic, Matti Salminen and Hartmut Welker.

Frankfurt. Opera. William Forsythe's ballet *Lulu's* Theatre is again offered this week. *Monsieur Beaucaire*

and his company play three out pieces by Jacques Offenbach. *Macbeth*, the second successful opera production by Cesare Lievi, has Rosalind Pightwright excellent in the title role.

Bonn. Opera. The successful new *Rigoletto* production by Graham Vick, is wonderfully sung by Jean-Pierre Lafon in the title role, Marcella Davis, Dennis O'Neill and Stephen Dugan. *Copula*, choreographed by Yvonne Yvonne.

Stuttgart. Opera. *Die verkaufte Braut* is a Gian Carlo del Monaco production. *Werther* features Yvonne Yvonne, Marilyn Schmalzer, Marcel Behrens, Julia Kaufmann, Robert Hale, Sabine Haas, Mariana Lipovsek and Martti Salminen. *Die Fledermaus* is played by Guido Almog-Myersan with Jerry Hadley in Otto Schenk's production (382 6000).

New York. Metropolitan Opera. The season opens with Franco Zeffirelli's production of *La Bohème* with Mirella Freni, Plácido Domingo and Brian Serwer, conducted by Christian Bades along with Zeffirelli's productions of *Don Giovanni* and *Rigoletto* conducted by Claudio Abbado-Marsan with Jerry Hadley in Otto Schenk's production (382 6000).

New York City Opera. The week begins with *Don Giovanni* with Plácido Domingo and Deborah Polaski (Grubini) together.

Chicago. Opera. The company's 36th season opens with *Gluck's Alcibiade* with Jesse Norman in the title role, Chris Merritt as Alcibiade and John Brandes as the high priest in Robert Wilson's production conducted by Gary Bertini. Civic Opera House (638 2244).

Cologne. Opera. *La Fanciulla del Teatro* features David Griffith, Teresa Ringholz, John la Pierre, Janice Hall, Jane Bunnell, Daria Brooks

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A pond in South Yorkshire, as seen from the 07.57 York to Kings Cross.



We'll bring eggs, bacon, sausage and tomato to the table and duck to the window. Our steward will serve you a great British breakfast, while England slips by your window; for a business trip doesn't it smack a little of pleasure?

FINANCIAL TIMES

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Tuesday September 25 1990

How not to create jobs

IN HER speech to the College of Europe in Bruges, of September 1988, Mrs Margaret Thatcher argued that "we have not successfully rolled back the frontiers of the state in Britain, only to see them reimposed at a European level." Her critics responded that her identification of Brussels with unbridled dirigisme was nonsense. In the directives being introduced under the European Community's Social Charter of workers' rights, however, the Commission seems to be going out of its way to prove her right.

The first problem with these proposals is that they will prove counter-productive. The second is that they are not needed. The third is that the Commission is claiming powers that it may not have.

The fundamental difficulty in the EC's labour markets is that they do not work very well. Structural unemployment has characterised EC countries since the first oil shock, and now exists, alongside shortages of skilled labour, in too many regions of Europe.

Into this arena has stepped the European Commission. Up to 20 proposals for regulation of labour in member states are expected this year and next. The first five already suggest that the Social Charter will prove to be far from the mirage that some pretended.

The Commission first addresses what it quaintly calls "atypical work". Despite some efforts to adjust its ideas to the current decade, the Commission's notion of how work ought to be organised remains rooted in the past. It proposes that part-time and temporary workers must be entitled to the same working conditions as the permanent, full-timers it regards as typical.

Social dumping

The Commission believes these peripheral workers must be protected from a sort of internal "social dumping," in which employers transfer work to the cheapest employee available. The object of helping the most vulnerable players in the labour market into well-rewarded jobs is laudable. But any such requirement must increase the costs of employing part time workers. The Commission's project could throw

many of the "atypical" workers it wants to protect back into unemployment, where they will join the 12.5m already unemployed.

Such regulation would be harmful even now. But they could be still more dangerous under economic and monetary union when the principal mechanism of adjustment is bound to be changes in relative real wages. Such changes do not occur by magic. They can only occur if some workers are able to undercut others.

Labour costs

In justifying the directives, the Commission persists in claiming that variations in labour costs distort competition among member states. But freedom to offer work at a lower cost is a manifestation of competition, not a distortion. The absence of such regulations in individual member states may favour some workers and some forms of work over others, but they cannot advantage a whole economy. It is perfectly possible, therefore, for economies to trade, to their mutual advantage, even if their labour market regulations are quite different.

However unconvincing, the argument that variations in labour costs distort competition is spurious. The Commission is acting at the extreme of its powers both in the substance of the directives and in the way they have been justified under the Treaty of Rome. The part-time, temporary work, and working time directives would force big changes in employment and social security law in many countries. But several are being introduced as concerned with economic competition or health and safety, and so would require only majority voting.

The Commission should think again. The radical element in the entire internal market programme is the mutual recognition of regulatory regimes. There is no reason why that principle should not apply to the labour market, with different approaches operating side by side. It may turn out that the labour markets that perform best are those with the regulations the Commission desires. But that lesson can be learned; it should not be imposed from above.

Spain heading for crisis

POLITICALLY, Spain's entry into the exchange rate mechanism of the European Monetary System, just over 14 months ago, has proved a great success. But Spain's serious economic weaknesses - high inflation, high unemployment, and now a gaping current account deficit - have not disappeared. The economic gains from membership are not yet apparent, and may be won only at considerable expense.

Spain joined the ERM with its inflation rate at 7.1 per cent. A full year later that rate had fallen less than one percentage point. The economy has continued to expand rapidly, despite short-term interest rates over 15 per cent. Nominal wage growth has accelerated this year, averaging over 8 per cent. The strong exchange rate has squeezed the competitiveness of Spanish exporters, with the real effective exchange rate appreciating 13 per cent since June 1989. In consequence, the current account deficit has risen to around 3% per cent of GDP this year.

All domestic indicators point to a seriously overheating economy, with little sign of a fall in inflationary pressures. High short-term interest rates are the only weapon currently employed in an hitherto losing fight against the surge in demand. But the Bank of Spain has been under pressure from its European counterparts to reduce these rates to preserve the stability of the ERM and ease pressures on their respective monetary policies.

The peseta moved quickly to the top of its allowed band last year, and has remained there ever since. The popularity of peseta assets results from an interest rate differential of 6.7 percentage points over German short-term rates. Up to now, short-term investors have been faced with what they see as an attractive one-way bet.

Exchange rate target

Such an interest rate differential is only sustainable in the long-term if a depreciation of the currency is expected. But the probability of this event has not been high enough to outweigh the interest rate gains. In the absence of an exchange rate target, the cur-

rency would appreciate until that probability became overwhelming. But this process cannot occur if, as in Spain, the monetary authority is maintaining a fixed exchange rate. Monetary policy must then be influenced by the need to maintain the exchange rate target. Interest rates may be driven down by upward pressure on the exchange rate, the result being excessive domestic monetary growth. Ultimately, the expansionary domestic conditions will undermine the credibility of the fixed exchange rate. Credibility must then be secured through a willingness to maintain high interest rates in support of the fixed exchange rate, however painful the consequences.

Cost of adjustment

To reduce the costs of adjustment to the fixed exchange rate, Spain has tried to control the capital inflow through the use of exchange controls, while employing direct controls on bank lending to curb nominal demand. All exchange controls are, however, due to be lifted by 1993. Moreover, the rapid growth of the commercial paper market over the past year shows that direct controls on bank lending are ineffective as a secondary arm of monetary policy.

Nominal demand growth must be brought under control. The Spanish authorities should tighten fiscal policy, through tax increases and better tax collection, to cut disposable incomes. They should also relieve the pressure on monetary policy as the sole tool for managing domestic demand. The budget deficit must be eliminated in the forthcoming budget, and nominal wage growth reduced if convergence of inflation to German levels is to be achieved at reasonable cost.

Monetary policy cannot hit conflicting external and domestic targets simultaneously. Effective complementary policies to constrain domestic demand and the growth of nominal wages are required. Otherwise, with policy makers determined to avoid devaluation, the inevitable consequence of rising unit labour costs and dwindling competitiveness will be a severe recession.

Old stock market hands have a rule: "Never buy shares in a company which has a chairman involved in a football club." But neither investor suspicion nor the shaky state of soccer's finances have dissuaded European businessmen from involvement in the sport. Robert Maxwell's offer to help refinance Tottenham Hotspur is one example of business's willingness to come to football's rescue, despite the continuing problems of hooliganism, expensive safety commitments and rising wage bills. Every time an English League club has veered towards bankruptcy in recent years, a last-minute saviour has been found, the most recent example being Mr Spencer Trethewey, the 19-year-old property developer who rescued Aldershot.

For those businessmen who do get involved, status is probably a much stronger motive than financial reward. Self-made entrepreneurs find that ownership of a club gives them a prominent position within the local community and is also a means of displaying their success to people who have no interest in business.

One of the few businessmen to employ football as part of a wider strategy is the Italian Mr Silvio Berlusconi who has used ownership of AC Milan to help his television stations in the ratings battle against the state broadcasting authorities.

Few football clubs in Europe can survive without the backing of a wealthy patron; many need the support of local authorities as well. The economics of football are extremely discouraging.

The main asset of a club, its ground, may be worth a large sum, but only if an alternate use can be found. Selling a rundown inner-city ground for redevelopment and moving to an out-of-town site has been an attractive option for some continental clubs. But it is a trick that can only be used once.

In Britain, supporters have been highly resistant to ground changes and local councils have been unwilling to grant

For businessmen, status is probably a stronger motive than financial reward

planning permission for redevelopment. Clubs are left with an asset which is expensive to maintain and which brings in revenue on only 30 days a year.

The position on costs is little better. To attract large crowds, clubs need successful teams. To do that, they need to spend large sums on players. The result has been a wages spiral. The best players command six and seven-figure salaries. Small clubs find they cannot compete and thus have little chance to achieve greater success or draw larger crowds.

The Holy Grail in terms of financial security is television, which is prepared to pay highly for the young male viewers football can attract. But armchair spectators want to see the largest clubs and the result has been a concentration of power as the top clubs, fuelled by television income, have poached the leading players from all over Europe for

Soccer is asking for more funds, write Philip Coggan, William Dawkins and John Wyles

Business pitches in



over-higher transfer fees.

Some club owners, with one eye on the lucrative links between American football and television, have mooted a European "Super League" with elite clubs selling the rights to show games to eager terrestrial and satellite stations. Such plans have yet to bear fruit, and the spread of hooliganism may yet put a stop to the ambitions.

The most striking example of an elite system of clubs is to be found in Italy. As the owner of Juventus, Mr Gianni Agnelli, devotes considerable time and emotional commitment to promoting the fortunes of the club - as he does to those of the family group, Fiat. Fiat suggests that Juventus is the most widely-supported team in Italy, although the crowds it attracts in Turin do not match those of its two rivals in Milan.

Among Mr Agnelli's emulators, Mr Berlusconi has probably done the most to change the economics and marketing of Italian soccer. AC Milan's success in recent years has owed much to the \$15m purchase in 1987 of the Dutch stars Marco Van Basten and Ruud Gullit. A winning team has provided the vehicle for a flourishing club magazine and marketing organisation.

Mr Berlusconi's successes have in turn forced an Agnelli riposte. Last season's Juventus victory in the UEFA Cup, the Italian Cup, was insufficient to satisfy the Fiat boss. He transferred the ownership of Juventus from the family holding company, IFI, to the Fiat group. The club then splashed a breathtaking \$88m on the purchase of new players, including the Italian World

cup star Roberto Baggio and the Brazilian Julio Cesar.

It is clear that only the rich can provide the money to maintain success at the top Italian clubs. Stars like Diego Maradona of Napoli command \$2m a week, and any Italian entrepreneur feels himself judged by the measure of how many big names he can shower on his club. Mr Corrado Ferlaino, the construction boss who controls Napoli, made himself a local hero with the purchase of Maradona and a local god after the two league championships that the club has won since the Argentinian's arrival.

The recent involvement of prominent French businessmen in football clubs has yet to show the success of the Italian example. The continuing rise in players' salaries and transfer fees plus a stagnation in match attendances has forced most of the big clubs into loss.

Marseille received FF14m (£1.4m) from its city authorities last year, Bordeaux got FF8.3m, while Nantes was propped up to the tune of FF10m, according to a study carried out for the Association of French City Halls. The French sports daily, *L'Equipe*, reckons the average player at Marseille gets a monthly salary of more than FF152,000, rising to more than FF207,000 at Bordeaux, the country's top-paying club.

To make matters worse, tax evasion and other financial irregularities are feared to be rife. The entire first division is being investigated by the Finance Ministry for possible breaches of tax regulations. This is in response to a study of financial irregularities pre-

Few clubs in Europe can survive without the backing of a wealthy patron

finances have been shown to be in disarray, the team is playing better than it has in years.

Mr Maxwell's interest in Tottenham is only the latest of the publisher's forays into football. Earlier this year, he acquired two of the largest clubs in Israel. Mr Maxwell, who chairs the board of the sport's authorities, is probably the closest Britain has to a football entrepreneur on the Tapie and Berlusconi model. But while the clubs where he has been involved - Oxford and Derby - have had modest success, he has yet to own one of the big name clubs.

None the less, with British clubs now back in the European competitions, and with satellite television bidding for broadcasting rights, it would be a surprise if a footballing entrepreneur in the European mould does not emerge in the UK.

Sterling and ERM

Thatcher-Pöhl entry block

By Samuel Brittan

The best comment on the recent gyrations of the British economy shows the prime minister and chancellor sitting up in bed like a long-married couple, staring at a newspaper headline saying "Pound Slumps". The John Major figure remarks: "If you just stop talking Margaret, it might go up."

The latest phase of sterling weakness followed a remark attributed to Mrs Thatcher in Bern: that the British inflation rate would have to fall several points before the pound could join the ERM. Happy times are here again.

But Thatcher is not alone. She has frequently been aided and abetted in her efforts to keep the UK out of the ERM by Karl Otto Pöhl, the president of the Bundesbank. Of course, his remarks last week have been interpreted as referring only to European Monetary Union. This is 100 per cent convincing in relation to the Bundesbank report, but less so in relation to Mr Pöhl's informal remarks at his press conference.

Mr Pöhl has never really taken on board the modern view of an exchange rate anchor as a help in reducing inflation rates. The ERM was set up despite stronger than inflation of the Bundesbank. The Bundesbank has just not been able to stop EMS countries such as France and Italy from using the D-Mark link to get domestic inflation down.

The latest and potentially most dangerous of this unconstructed thinking is the common asset of both the US administration and the Bundesbank to the depreciation of the dollar, a policy which spells nothing but trouble for both the US and the world economy. None of this is to decry the achievements of the Bundesbank in securing low inflation in Germany.

Nearer home, Mr Major will soon have to decide whether to show whether he is master in his own house. The domestic reason that has held some Treasury advisers back is that the August Retail Prices Index, which came as a nasty shock to them, showed a widening of the inflation gap compared with the EC. The gap between ERM countries and the UK underlying rate, rose from 3.2 to 3.7 per cent.

The widening of the gap is a short-term phenomenon, reflecting factors such as the faster push-through of oil prices in the UK. All forecasts show a large fall in the headline gap in 1991. The thing most likely to falsify them is a drop in sterling, from waning

UK TRADE VOLUME % change (base: 1980 = 100)		
Imports	Exports	
1986	+7.1	+2.4
1987	+8.8	+7.5
1988	+14.6	+4.4
1989	+7.4	+9.2
1990*	+2.0	+7.5

*First eight months annualised Source: CDO

market belief in ERM entry.

The Treasury's ideal scenario of ERM entry around the time of the autumn statement in mid-November has the advantage of coming after two further inflation figures, by which time the recorded headline rate should have peaked. It has the overwhelming disadvantage of coming when a shooting war in the Middle East is most likely and when middle-of-the-road opinion will support the prime minister in resurrecting her veto.

It is said that Middle Eastern turmoil is bed for fixed rate systems. In fact Bretton Woods collapsed before the first oil crisis of 1973 and the EMS itself started at the time of the second Iranian oil explosion. It is just as easy to argue that when sterling may be buffeted in either direction, an anchor is more needed than ever before. The most worrying aspect is the domestic political risk that is being taken in not entering the ERM when there is a favourable political opportunity which will not recur in this parliament.

How little sterling is now a petro currency can be seen by the profile of its rise this year. Nearly all of it took place before the invasion of Kuwait, on the eve of which it stood at DM2.95, around which it has fluctuated ever since. It fell to a low point of DM2.91 at the end of last week following the remarks of both Mr Pöhl and Mrs Thatcher. It recovered somewhat yesterday after John Major's restatement of the British position, and after the silly one-month trade gap proved less than market forecasts.

The intelligent teenage student will concentrate on the slow underlying trend towards improvement shown in the table. The year 1990 has been the first since 1980 in which export volume, excluding oil and aeratics, has been rising faster than imports - 1.6 per cent compared with 2.0 per cent at the annual rate. On four monthly comparisons the improvement accelerated slightly, but trade indicators are too erratic to draw much comfort from them.

UK Balance of Payments			
	Current account (£bn)	Balance as % of GDP	Balancing Item (£bn)
1987	-4.2	-1.0	+3.7
1988	-15.2	-3.2	+8.1
1989	-19.1	-3.7	+15.1
1990*	-16.6	-3.5	+11.6*

*First eight months at annual rate. *First two quarters at annual rate

*First eight months at annual rate **First two quarters of annual rate Source: CDO

How to be fire-proof

As even John Major, the Chancellor, edges towards admitting that the UK is entering a recession, the owners are that much of its weight will fall on middle managers.

Heads of big British industrial companies have long been lamenting that one of their weaknesses is that they are overstaffed in the middle ranks. One manufacturing chief says that whenever he sees news reports of the sackings of a few dozens in the City, he is reminded of the hundreds he would like to shed.

The main reason why surplus middle-rankers have been kept on so far is apparently that, having come to know them fairly closely, their chiefs have been reluctant to throw them out. Now gloomy economic prospects are likely to harden the corporate heart.

Managers in the firing line might do well to take note of the advice given a couple of recessions back by Tom Carew, a pioneer of redundancy counselling.

He said that, in his copious experience, the executive victims of redundancy exercises are not the people who have produced the worst results, but the ones whom their bosses find easiest to sack.

"So the best defence is to cultivate the impression that if your name ever appears on a redundancy list, your head of department will be in for trouble. For instance, if you will embarrass him in his golf club, your spouse will berate him in the local supermarket, and your kids will arrange for his kids to be bullied at school."

OBSERVER

Neville Bain, aged 50, is about to try to bridge that gap by swapping his job as finance director of Cadbury Schweppes for the chief executive's seat at Coats Viyella.

Bain has been a Cadbury man for 26 years, "almost since infancy", he says. He joined the group in 1964, after six years of accountancy. In his time with Cadbury he has worked all over the world before becoming group finance director and deputy chief executive two years ago.

The textile industry will, he says, be very different. But he hopes to bring a "fresh approach" to Coats.

He has had plenty of experience of running a multinational company. Time alone can tell whether the lessons of that experience can be transferred from fizzy drinks and chocolate to cloth and clothes.

Cop out

Hong Kong's criminal fraternity appears intent on gaining the upper hand over the colony's police force as fears mount about a perceived breakdown in law and order.

No longer content with staging shoot-outs in the busy shopping district of Central, two enterprising crooks posed as telephone repairmen and broke into the house of the Commissioner for Police Li Kwun-lun. After tying up the family maid, and brushing aside the cries for help of Mrs Li, the robbers made off with an undisclosed amount of jewellery.

The break-in comes only months after a trial leader staged a press conference. Membership of triad groups is a criminal act in Hong Kong. Not surprisingly, the police were not invited but it received wide coverage in the local press.



"Not much of a silly season though, is it?"

quickly dismissed the latest embarrassment as "opportunistic" and claims the robbers could not have known it was Li's house they were plundering.

I wonder. The criminals can hardly have missed the flagpole outside flying the colours of the Royal Hong Kong Police.

Nuclear waste

Rare glimpses into one of Britain's most secretive establishments can be gleaned from this month's AWE News, the house magazine of the atomic weapons establishment.

It seems that Aldermaston has a nursery compound which supplies the flowers for its floral beds at the main entrance. But behind the dense trees that screen most of its hundreds of acres from the public, Aldermaston has grown very scruffy in the half-century since this corner of Berkshire was first bulldozed to turn it into a bomber airfield.

Aldermaston is described as being "like a scene from war-torn France in the '40s".

Some of the old drums, containers, and cans, junked by the bomb-makers are as big as buses.

As a first step to cleaning up the Ministry of Defence site the going-on at Polly Peck International, it could be that his thoughts turn to a small island near Göcek in the Gulf of Fethiye on the Turkish Aegean coast. He bought it earlier this year for a knock-down price around £1m.

Nadir's choice, which is known as Zeytin Adasi - the Isle of Olives - is agreed by the Turkish real estate cognate to be a particularly stunning island on one of the world's most beautiful coastlines. "It is a green island which makes any passing yachtsman feel envious of its owner", says one holiday-maker who sailed past it recently.

Just what use Nadir plans for his island is not yet known. But the betting is that he is more likely to make it into a holiday retreat for family use than to develop it for tourism.

Olives beckon

When Asil Nadir wants something to take his mind off the going-on at Polly Peck International, it could be that his thoughts turn to a small island near Göcek in the Gulf of Fethiye on the Turkish Aegean coast. He bought it earlier this year for a knock-down price around £1m.

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An evening class in confidence-building at Ulverston, Cumbria, has attracted only two members. The organisers say people are too shy to apply.

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September 1990

LETTERS

Runway slot auctions would be a route to chaos

From Mr D.M.G. King.
Sir, Your editorial comment ("Entry barriers for airlines," September 18) puts forward the proposition that runway slots at Britain's major airports should be auctioned.

As an airports operator, BAA is eager to see the promotion of competition at its airports and especially the arrival of new entrants and new services with all the stimulation of new traffic this provides. However, the view that this can be encouraged by slot auction is ill-founded and naive.

BAA has many optimistic theoretical schemes for slot auctions, but none that has addressed the practical problems. Take, for example, the apparently simple problem of what constitutes a slot. An airline does not merely need a

single space on the runway. It needs a pair of such spaces, one for landing and another for take-off. These must be matched by a pair of slots at the flight's end. All must be repeated for each flight by that aircraft throughout the day.

Each runway slot must be matched by a slot for the aircraft in airspace and in aircraft parking areas. There must be a slot for the passengers in the tightly constrained passenger terminals and possible allowance (as at Heathrow) made for the impact of vehicle traffic on the access to the airport.

Thus a slot is not a single commodity, but a complex multi-dimensional package. A simple auction which attempted to deal with integrating these many factors across a large number of air-

lines would end in complex and inefficient chaos.

In limited space, it is not possible to address all the other practical problems of dealing with slot auctions such as the UK's international obligations, difficulties for airlines and support organisations and for the travelling public in dealing with regular and uncoordinated upheavals in the schedules, nor with the inefficiency and lack of flexibility which auctioning would create. Even if the auction system could be made to work there is a real danger that the powerful airlines would use their financial muscle to force up the price of slots and freeze out the weaker competitors.

However, it is worth stressing the apparently obvious fact that auctions are only a form

of price setting. It would be quite possible to achieve the same objective of allocating peak slots to those who value them most (with less disruption and more flexibility), by moving progressively to published prices which rationed demands in the market. These prices might well, at the peak, be several times current levels, but then that is only to be expected from an auction.

The current system works because the airlines have an incentive to co-operate and compromise. Why replace it with an untried system which would remove those incentives to co-operate?

Mr King,
Managing Director
Airports Division
BAA,
130 Wilton Road, SW1

Watering the academic forest of knowledge

From Professor D.A. Smith.
Sir, Mr Griffin (Letters, September 18) that the whole of profit-plus-overhead generated by a university industrial contract should be retained by the department which carried out the contract, presumably the better to serve the client's immediate future needs.

On this same basis, may I ask if those members of his Association of the British Pharmaceutical Industry who happen to sell aspirin promise their customers to plough back their entire profit-plus-overhead on aspirin sales into better quality aspirin tablets?

Different universities may allocate the overhead costs of their departments in different ways but all have to support libraries, maintain buildings, pay administrators, comply with health safety regulations, provide recreational facilities, and so on. In addition, they must market their services to industry as a whole, not just to their present customers. Above all, they have a duty to initiate new research projects which



are the seeds of their future scholarship. For many years, if ever, such projects will produce no pay-back other than a contribution to knowledge.

These seeds may sometimes be planted by the university in what Mr Griffin now labels the "less successful departments", by which I think he means those not wholly dedicated to short-term industrial service work. However, if they are not so planted, in 20 years time all

industry may be very short of fundamental science and technology which may be quite different from that in current fashion.

Sadly, by then, the forest of mature academic knowledge which industry is presently logging at modest cost could well have become an intellectual dust-bowl.

Derek Smith,
Plus 1,
26 Deansgate Place, W1

A welcome for Major's debt relief proposal

From Messrs J. Filochowski, M. Taylor, P. Judd, N. Hinton and J. Mitchell.

Sir, As five of the leading British overseas aid and development agencies, we warmly welcome the chancellor's new debt relief initiative, the "Third Fund".

We welcome this bold and realistic proposal because it acknowledges two key issues: that the creditor nations share responsibility for the economic processes which lie at the root of the Third World's debt burden, and that the terms and implementation of the Group of Seven's (G7) Toronto (debt relief) Plan of 1988 needed overhauling. In practice, the Toronto measures delivered too little, too slowly.

However, if the Trinidad Terms are to translate into real improvements for poor people, a number of points must be addressed.

It is vital that the other G7 countries agree to implement the proposals in full and without delay.

The International Monetary Fund's economic reform prescription (which poor countries must adopt in order to be eligible for debt relief from the G7) needs to be more sensitive to the economic realities faced by the poorest sectors of society and they need to be backed by more aid resources if they are to meet their economic objectives humanely.

All Third World countries benefiting from debt relief must pursue suitable development policies if the momentum for international co-operation on debt reduction is to go forward.

The sharply rising oil prices provoked by the Gulf situation threaten to undermine the benefits which the Trinidad Terms could bring. Urgent international action is needed to address the impact of rising oil prices on poor debt-distressed economies.

G7 creditor nations should agree that extending debt repayment periods is no substitute for reducing debt - the urgent task of tackling poverty is not helped by remortgaging the future.

Lastly, the benefits which the chancellor's proposals could bring should be extended to a wider group of debt-distressed nations as soon as possible.

Julian Filochowski, *Chief*, Michael Taylor, *Christian Aid*, Frank Judd, *Oxfam*, Nicholas Hinton, *Save The Children*, John Mitchell, *World Development Movement*.

From Lord Thomas of Swynnerton.
Sir, I refer to your report ("Emu benefits oversold says Centre for Policy Studies," September 20).

In fact, Mr Tim Congdon's paper "Emu now? The leap to European money assesses" should be seen as a contribution to the Centre for Policy Studies series on the "European debate" - an earlier paper in the series being Sir Leon Brittan's "Monetary Union: the issue and the impact". Our authors speak for themselves, not the centre.

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FOREIGN AFFAIRS

A failure of leadership in Japan

The Gulf crisis highlights Tokyo's difficulties over foreign policy, says Jurek Martin

than before and demonstrations by equally angry blacks. Even if this embarrassment is only temporary, as was Mr Nakasone's, it is becoming increasingly hard for the Bush administration to defend the proposition that the Gulf notwithstanding, the bilateral relationship is in good shape.

It is no longer merely a question of commercial issues, of Japan "buying America's corporate soul" or denying fair access to US goods. It is becoming, in US eyes, and not only Congressional ones, more a question of whether with friends like Japan enemies are necessary.

Two new legs are being added to the fire in this respect, both the work of old stokers, in the autumn edition

the author's disingenuous qualifier that it is the US influence-peddling system that is at fault, his book is little more than an exercise in McCarthyism. Its malevolent charge is guilt by association with anything Japanese.

But if political America, confronted by recession, the Gulf and the collapse of the Soviet Union, does embark on one of its periodic bouts of self-reckoning and scapegoat hunting, then Mr Choate's seeds might fall on fertile soil.

Mr van Wolferen does not always get it right, but he does make you think, and never more than when discussing Japanese political processes. He believes, for example, that the western media have misinterpreted the events of the last

18 months in Japan.

"The effects of the Recruit scandal, the results of the Upper House elections and the decline of the Tokyo stock market have been seized on as small watersheds in postwar Japanese history. The LDP and two prime ministers tainted by scandals were supposedly held to account by the public, Japanese women were supposedly beginning to play a more prominent political role and the consumers were supposedly 'fed up'. None of this was accurate. None of these developments has had a lasting effect on the way Japan is governed or does business."

More conspiratorially, Mr van Wolferen suggests that "Japan's bureaucrats generally endorse conclusions about

structural change, especially concerning their own supposed gradual loss of control, because it matches their claims that Japan is adjusting to become a more responsible trading partner."

More charitably, he adds that "they are not necessarily disingenuous about their many beliefs that such changes do take place in areas other than they know personally."

There is a lot of truth in this. Though trying to convey a different message, Mr Tazuo Watanabe, the smooth and articulate Foreign Ministry spokesman, was pretty much bearing Mr van Wolferen out when he explained recently: "We are passing through a rather agonising stage of transforming ourselves into an international power."

Fair enough. There are genuine divisions of opinion in Japan about the best response to the Gulf, and they should be respected. However, a constitution in any country, but perhaps most of all in Japan, is not something to be undertaken lightly. Regional Asian susceptibilities must be taken into account. To be seen merely as the global money-bags is not wholly satisfying.

Japan's experience in the Middle East is limited and it may well seem less obvious in Tokyo to be asked to favour one group of Arabs over another than it does in Washington or London. Iraq's invasion of Kuwait has even been compared to Japan's annexation of Manchuria in the 1930s.

So if Japan has appeared dilatory in responding to the crisis of the Gulf it is because it was pretty much beyond its previous ken. But it is also true to form that such Japanese action and offer seems to have been taken as a response to external pressure from the US. The national political leadership has not seemed independently capable of giving direction itself.

Which brings one back to the old rub about Japanese politics. Whether for devious reasons, as Mr van Wolferen contends, or for historical ones, which have denied to politicians much of a role in foreign policy or much of an incentive to claim one, the Japanese body politic continues to look irrelevant to any subject outside its national borders. The only time it seems to put a head above the parapet is when a man like Seiroku Kajiyama drinks from the well of unthinking prejudice.

It is not just that he should have known better. Somebody (his prime minister) should have invoked the Dugan precedent and sacked him.

Prime Minister Toshiki Kaifu is going to have a tough enough time in Washington without blacks demonstrating and congressmen being made even angrier

of the Journal Foreign Affairs, Karl van Wolferen - author of the controversial book *The Enigma of Japanese Power* - further develops the theory that Washington is guilty of "wishful thinking" about the real nature of Japan, while Tokyo continues to dissemble.

Next month, Mr Pat Choate, a businessman-turned-polemicist, chips in with Agents of Influence, a book which maintains that Japanese interests have bought chunks of the American lobbying industry and are therefore corrupting US public policymaking.

The Choate book, heavily trailed in advance by such different but respectable publications as the Harvard Business Review and the New Republic, is pretty nasty stuff. In spite of

18 months in Japan.

"The effects of the Recruit scandal, the results of the Upper House elections and the decline of the Tokyo stock market have been seized on as small watersheds in postwar Japanese history. The LDP and two prime ministers tainted by scandals were supposedly held to account by the public, Japanese women were supposedly beginning to play a more prominent political role and the consumers were supposedly 'fed up'. None of this was accurate. None of these developments has had a lasting effect on the way Japan is governed or does business."

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Which brings one back to the old rub about Japanese politics. Whether for devious reasons, as Mr van Wolferen contends, or for historical ones, which have denied to politicians much of a role in foreign policy or much of an incentive to claim one, the Japanese body politic continues to look irrelevant to any subject outside its national borders. The only time it seems to put a head above the parapet is when a man like Seiroku Kajiyama drinks from the well of unthinking prejudice.

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Mrs Chalker's cancelled visit to Nigeria

From Mr G. Dove-Edwin.
Sir, Mr William Keeling's report ("US cancels visit," September 18) on the cancellation of Mrs Lynda Chalker's proposed visit to Lagos next month calls for comment.

British officials are reported to have expressed anger at the failure of a Nigerian government press statement on the visit of an Iraqi delegation to Lagos to condemn the aggression. Some of your readers may understand that our sensitivity, in the circumstance of the presence of a high-level Iraqi delegation in our country, was not misplaced.

What all of your readers who read Mr Keeling should know is that as early as August 3, my government issued a statement on the Gulf crisis which recalled Nigeria's "strong belief in the inviolability of the sovereignty of nation-states" and, with reference to the Iraqi invasion, regretted and con-

demned "this outright violation of the territorial integrity and sovereignty of Kuwait". The statement went on to call on Iraq to "withdraw all its forces from Kuwait to enable negotiations leading to a peaceful settlement of the dispute to proceed under the auspices of the United Nations and Opec to which both countries belong".

A high-level delegation was despatched shortly thereafter to deliver a message of support to the Emir of Kuwait in his place of refuge in Saudi Arabia. So much for accusations of a Nigerian tilt towards Iraq.

The other reason for the cancelled visit is given as the enforced sentence on the coup plotters who were condemned after a second trial.

My British Foreign Office friends and I agreed at different points a few years ago that when a difference arises between our two historically

friendly countries, but whose official relations have all too often experienced sudden turns in the past, rather than let the difference grow in a corrosive way, we should intensify contacts and nip the difference in the bud. It would have been in keeping with our very good relations therefore, if our friend, Lynda, had felt able to go to Lagos to represent the UK view in these very channels which she, among others, have striven so hard to cultivate in the post-Dikko years.

The Nigerian deed within Nigerian law has been done and British diplomatic representation made, as well as your own and other newspaper stories on the matter. I would wish that we may now leave things at that and work further for improved relations between our two countries.

G Dove-Edwin
high commissioner for Nigeria,
11 Northumberland Ave, WC2

Hungary's privatisation goals clarified

From Messrs Charles Yates and Paul Knight.

Sir, Statements by Hungary's Prime Minister Antall and Mr Csepel, new head of the state property agency (SPA), together with the launch (September 14) of the first privatisation programme (PPP), have clarified the programme's goals and the roles of the SPA, enterprise managers and privatisation advisers. ("Strong domestic interest and controversy," September 20).

The stated goal of the privatisation programme is to transfer half the economy from state to private ownership within five years. This is to be arranged so as to optimise the contribution to state revenue, to increase the efficiency and competitiveness of Hungarian industry, to assist the development of Hungarian capital markets and to promote

employee share ownership. The role of the SPA is to act as a referee which will establish clear, transparent, and reasonable procedures while retaining the right of veto over any proposed deal.

The SPA has less than 40 staff and cannot be involved in the detail of the majority of privatisations. It has acknowledged that in most cases the enterprise or financial advisers will start the privatisation process. Past abuse of the "spontaneous privatisation" process involved artificially low enterprise valuations and the SPA will pay particular attention to this. It plans to draw up a list of independent financial advisers who satisfy certain norms and hence have the agency's approval to value enterprises.

As described ("Hungary looks for new owners," September 18), the PPP is a special

case in which the SPA will take particularly close interest. The agency has decided to privatise part of the privatisation process by requiring that financial advisers in conjunction with enterprise management, devise a privatisation and business strategy. This will provide an opportunity for all involved to learn and produce a number of model approaches to privatisation which will guide later deals.

In order that these models have wide relevance, the enterprises in the PPP are from a range of industries and will allow a number of different approaches to selling a stake in enterprises (trade sale, share offering and management buy-out) to be tried.

Charles M. Yates, Paul Knight, *Nomura Research Institute Europe*, 24 Monument Street, EC3

Polly Peck: expert advice at a crucial time

From Ms Antonia F Stewart.

Sir, Lex's comment (September 21) that Polly Peck's advisers should consider resigning seems to take into account only one of the arguments that surround the difficult question of what advisers should do when problems arise either in

connection with their clients' business or their own relationships with their clients. If the advisers do decide to resign, it is by no means clear that Polly Peck will be able to appoint suitable replacements whilst it faces a period of uncertainty and to leave the

company without a source of expert financial advice at this crucial time would be a serious disservice to both the company and its shareholders.

Antonia F Stewart
Laing & Crutchfield,
Broadwalk House,
5 Appold Street, EC2

Accuracy of statistics: visible and invisible trade after 1993

From J.L.T. Davies.

Sir, The problem of the accuracy of the invisible trade data ("Worsening deficit reopens statistics row," September 15) is clearly of considerable importance and any improvement which the Central Statistical Office (CSO) can make in this area will be welcome.

Nevertheless, it should not be forgotten that beginning in 1993, following the introduction of the single market, the present excellent system of recording and preparing international trade data used by the Customs & Excise will be aban-

doned as far as intra-European Community trade is concerned in favour of an as-yet-undefined and unagreed alternative. The EC is presently considering a form of reporting based on the value-added tax returns, but only for major reporting companies, accounting for about 80 per cent of international trade. These companies, it is hoped, will report in detail to provide information broadly comparable to that presently obtained from the single administrative document (SAD). Smaller companies will be expected to produce only some

aggregates of value. It may be possible, therefore, to calculate a balance of payments deficit or surplus for visible trade, but it seems unlikely that this will be of comparable quality to that presently available monthly. It is, however, now clear that detailed information, especially detailed information on the volume of goods traded, will not be nearly as accurate as that presently published and we should acknowledge that for visible trade, we are presently in something of a golden age as far as statistics are con-

cerned, following the successful introduction of the harmonised system of tariff nomenclature in 1988.

It is now possible that, beginning in 1993, we may see a situation where, even if the CSO does nothing to improve the existing reporting system, the statistics for invisible trade may be more accurate than those for visible trade.

J.L.T. Davies,
general manager,
World Bureau of Metal Statistics,
27a High Street,
Ware, Hertfordshire

Yes it's a plane, but it's not accurately valued as an asset, it could end up causing a lot of damage to the balance sheet. For in today's world it's financial suicide for any company to be ignorant of the true value of its assets. And that's where Edward Ruskon Son & Ruskon come in. Since 1855, we've been supplying and maintaining accurate valuation reports for all kinds of businesses all over the world. But expert valuation, in fields as diverse as petrochemicals and the world of art, isn't the only string to our bow. We can also help your company make the best use of existing assets in the property market or help you expand your property portfolio.

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INSIDE

Coats names new chief executive

Coats Viyella is changing tactics. The company, one of Europe's largest textile groups which is suffering from a recession in the UK industry, yesterday announced the appointment of Neville Bain (left) from Cadbury Schweppes, the confectionery company, as group chief executive. The move was well-sounded like the answer to Coats' problems, said one London analyst. Alice Rawthorn reports. Page 25

Hope in a hostile climate
It's a hostile climate for developers in North America. Rising vacancy rates and ferocious competition for tenants are facts of life. Brookfield Development, however, the Canadian property group, has embarked on the continent's biggest commercial construction programme, despite being technically bankrupt. Bernard Simon reports. Page 21

Mandarin registers 7.5% fall
The drop in visitors to Hong Kong and increased competition has had a telling effect on Mandarin Oriental, the luxury hotels arm of Jardine Matheson. The hotel group reported a 7.5 per cent drop in profits before extraordinary items, and also announced that it was applying for a listing on the International Stock Exchange in London. Angus Foster reports. Page 22

Unease over uncertain futures
US derivatives exchanges plan to launch a range of futures and options products based on Japanese stock indices. The products will give US investors the chance to take a view on the Japanese market without having to trade in Tokyo. But Japanese regulators are uneasy as these instruments will be beyond their control. Page 28

Merger triumphs over fear
Despite a summer filled with rumours of shareholder unrest, the proposed merger between Lysine and des Eaux, the French water services company, and of Dumez, the construction company, won solid support yesterday. Jérôme Monod, Lysine chairman, and Jean-Paul Parayre, of Dumez, have succeeded in quelling fears of a takeover of the industrial group. Page 20

New arrival in the nappy market
Procter & Gamble/Fater - On September 24 to the US consumer products group and the private Italian company was born a merged paper products business. The new group will become a formidable player in the nappy market. P&G claims a third of the European market for paper and cloth diapers, while Fater is estimated to have almost 10 per cent. John Thornhill reports. Page 26

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Chief price changes yesterday

FRANKFURT (DM)			
Bayer	830	+ 15	
Boehringer	211	- 12	
BMW	255	- 10	
AGF	211	- 12	
Hertz	211	- 10	
IGT	145	- 10	
Siemens	560	- 10	
NEW YORK (DOLLAR)			
Boeing	44 1/4	+ 3/4	
General Electric	65 1/2	- 3/4	
Alcoa	65 1/2	- 3/4	

NEW YORK (DOLLAR)

Boeing	137	+ 4	IBM	118	- 14
Boeing	91	+ 3	IBM	106	- 9
Boeing	70 1/2	+ 11	IBM	94	- 16
Boeing	81	+ 4	IBM	56	- 15
Boeing	72	- 12	IBM	33	- 19
Boeing	67	- 9	IBM	28	- 13
Boeing	425	- 15	IBM	170	- 14
Boeing	37	- 7	IBM		

Continental rejects hostile offer by Pirelli

By Andrew Fisher in Hanover

CONTINENTAL, the West German tyre company, yesterday rejected what it called the "hostile" takeover attempt by Pirelli of Italy, but said it was ready to talk about a possible deal on different terms.

Mr Horst Urban, Continental's chief executive, said the Pirelli proposal to merge the two groups' tyre activities would leave the combined company with a heavy debt load, weakening it financially at a time of tough competition.

The proposed deal, to create a

more competitive company at number four in the world tyre industry with 16 per cent of the market, would also be unable to yield anything like the synergies mentioned by Pirelli, Mr Urban said. He said the Continental management board's reaction to the deal was clear - "not like this, Mr Pirelli". But he added: "We are certainly not slamming the door shut."

Pirelli, headed by Mr Leopoldo Pirelli, says it holds a 5 per cent stake in the German company and is supported by shareholders

holding over half of the equity. Without knowing who these shareholders were, Continental could not be expected to go along with any deal, Mr Urban said. Moreover, Pirelli's own shareholding structure, with four different companies in which the Pirelli family's direct stake is small, was "not particularly stable". He declined to say what sort of links Continental envisaged with Pirelli.

At a press conference, Mr Urban gave details of the Pirelli offer for the first time. Pirelli pro-

posed that:

- Continental acquire the tyre business of the Italian group, held through quoted Pirelli Tyre Holdings (PTH) in Amsterdam, for between DM1.6bn (\$1.2bn) and DM2.2bn in cash.
- Half of this sum be financed by Continental increasing its capital by 50 or 60 per cent through a rights issue and the other half by the German company through borrowings. It now has 8.7m shares in issue with a stock market value of DM2.3bn.
- Pirelli acquire the share rights

of those shareholders friendly to it, raising its stake to nearly 38 per cent, including further share purchases. Shareholders backing Pirelli would have around 23 per cent. Pirelli would thus influence just over half of Continental's shares.

Mr Urban said this deal would dilute shareholders' funds and raise indebtedness of the combined operation to 5.5 times total cash flow from two times; debt would thus total DM4.5bn. The interest rate burden would be around DM500m a year, twice the

present level.

He also said the stockmarket value of PTH was around DM900m, less than half what Pirelli wanted Continental to pay for the tyre operation. This would present holders of PTH shares with a high premium, while Continental shareholders would lose control of their company with no premium.

"Continental would finance its own takeover by Pirelli and create considerable funds for Pirelli as well," he said.

Lex, Page 18

Banks join forces in traveller's cheques

By David Sanchard

BABCLAYS, the largest UK bank, and BankAmerica yesterday said they were joining forces in the international traveller's cheques market.



Mr Robert Scholey, chairman of British Steel executives are attempting to contact Aristrain

The move, which will create one of the largest issuers of traveller's cheques in the world, appears to be aimed at challenging American Express's dominance of the market.

BankAmerica is to buy a substantial minority stake in Interpayment Services, a traveller's cheque marketing company set up by Barclays last year.

Traveller's cheques issued through Interpayment will carry the Visa brand. They will also carry the brand name of the bank acting as selling agent.

Financial institutions will be able to choose between a package which will give them their own branded cheques on an agency basis with marketing back-up from Interpayment, or one whereby the company will process cheques for financial institutions preferring to own and manage the fleet of money-processed traveller's cheques.

This means that Interbank cheques should be more attractive to small banks than those which carry the name of a rival financial institution.

Mr Richard Butt, chairman of Interpayment, said yesterday he expected the sales of traveller's cheques through Interbank to reach the \$12bn level in 1991.

American Express has more than 40 per cent of the world-wide traveller's cheque business, which was estimated at \$57bn last year.

Mr Terry Mock, president of Bank America Cheque Corps, and Mr Gordon de Lang, senior vice-president of the bank, will join Interpayment's board.

Spanish producer calls off British Steel-Banesto deal

By Tom Burns in Madrid and Charles Leadbeater in London

THE family owners of Jose Maria Aristrain yesterday pulled out of an agreement to sell the Spanish steel producer to a joint venture formed by British Steel and Banco Espanol de Credito.

Aristrain's sudden withdrawal, which Banesto said was the result of a unilateral decision by Mr Jose Maria Aristrain Jr, chairman, stunned both partners.

British Steel executives were last night attempting to get in touch with Mr Aristrain to see if the deal could be salvaged.

The British group had patiently courted Aristrain for months before the deal, said to worth £229m, was signed in July. However, political opposition, which coalesced around an

attempt to mount a rival bid from Enxidea and Alfo Hornos de Vizcaya, two state-owned producers, prevented British Steel from buying Aristrain outright. Ironically during the talks Mr Aristrain consistently rebuffed the Spanish consortium in favour of a deal with British Steel.

British Steel agreed to a joint venture with Banesto in which each would purchase 40 per cent of Aristrain, to accommodate Spanish hostility to a foreign takeover. The remaining 20 per cent was to stay with family shareholders. The partners each agreed to sell 5 per cent to Enxidea if it wished to join.

The collapse of the deal would be a setback for British Steel's

plans to expand into continental production of structural steel. It also wanted to exploit Aristrain's distribution network in France, West Germany and the US.

However, with steel demand weakening in Spain and the UK, it is thought British Steel may have revised its assessment of Aristrain's worth. Some analysts said the £100m the company might have spent on the purchase would come in useful as an additional cushion against the deteriorating economic climate.

The collapse of the deal could come as a blessing in disguise for Banesto. Earlier this month adverse market conditions forced it to call off a planned flotation of its industrial assets.

Brierley launches unwelcome bid for Mount Charlotte

By Andrew Belger in London

BRIERLEY Investments (BIL), the New Zealand company founded by the entrepreneur Sir Ron Brierley, has launched an unwelcome cash bid for Mount Charlotte Investments. The offer values Britain's second biggest hotels group at \$44m (\$1.15bn).

BIL made its move after acquiring a 10.1 per cent stake in Mount Charlotte from the Kuwait Investment Office yesterday morning.

Since the New Zealand group already held a stake of 38.5 per cent, the purchase took it through the 50 per cent barrier and under the Takeover Code it was obliged to make an offer for all the remaining shares.

A BIL spokesman said its offer of 75p a share "was not meant to be in any way hostile" and was being made solely because of the rules of the Code.

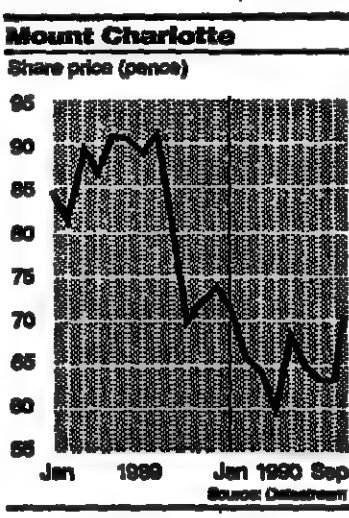
However, Mount Charlotte described the bid as "both desecratory and opportunistic". It said the offer took no account of Mount Charlotte's net asset value of 125p per share, nor of its unique portfolio of 24 three-star and four-star hotels in central London, totalling 7,000 bedrooms.

The KIO sold its stake for 75p per share. However, under the Code, BIL had to offer the remaining shareholders the best price which it had paid for any Mount Charlotte shares in the preceding year, which was 75p.

Mount Charlotte shares closed 11p higher at 76 1/2p.

The KIO's move comes only days after the Kuwait Finance Minister said his exiled government would dispose of liquid assets to fund its spending during the Gulf crisis, but would not sell shares.

City analysts were yesterday taking a relaxed view of the



KIO's intentions, saying they thought it unlikely the Kuwaitis would wish to make significant disposals in the current depressed equity markets.

BIL first became a shareholder in Mount Charlotte in April, 1989. Last September Mount Charlotte bought Thistle Hotels from Scottish and Newcastle Breweries for \$445m.

BIL acted as one of the sub-underwriters to the associated rights issue and lifted its stake in the group to 37 per cent.

Mount Charlotte made pre-tax profits of £25.9m on turnover of £127m in the six months to July 28. Earnings were depressed, however, by its slow rate of property disposals. When the Thistle deal was struck, Mount Charlotte said it intended to sell properties worth £200m to reduce its borrowings, but has so far raised only \$98m - largely because of the glut of hotels currently on the market.

Lex, Page 18

Prudential to sell Belgian arm to AGF for BFr9.4bn

By Richard Lapper in London and George Graham in Paris

PRUDENTIAL Corporation, the UK's biggest life insurer, yesterday agreed to sell its Belgian general insurance subsidiary, Compagnie d'Assurance de l'Escaut, to the French insurer, Assurances Generales de France (AGF). France's second largest state-owned insurance company, is to pay BFr9.4bn (£990m), twice l'Escaut's annual premium income in 1989.

"We are beginning to concentrate our assets in areas where the long-term interests of our shareholders are best represented," said Mr Newmarch, Prudential's group chief executive. Since its acquisition in 1972, l'Escaut, has "successfully built up substantial value," he added.

L'Escaut, a medium-sized Belgian company which mainly writes household property and motor business, had net assets of \$101.7m (\$136m) and recorded gross premium income of BFr4.7bn in 1989; however, it is peripheral to Prudential's core life and financial services businesses. Moreover, market conditions in Belgium had become much tougher recently, while Belgian reserving requirements and other local market practices meant that Prudential's "ability to repatriate dividends was limited," Mr Newmarch said.

He denied that Prudential was turning its back on Europe and said that the company was keen to develop existing life insurance subsidiaries in the Netherlands, Italy and Ireland. Prudential will

service the European market from London according to UK regulations, he said.

Analysts in London welcomed the sale. Mr Chris Fountain, analyst with Morgan Stanley, said it showed that Prudential "was prepared to divest assets if there is no promise of rewards". At twice l'Escaut's 1989 premium income, the price was described as "fair" by Mr Fountain. "Prudential has been quite sensible taking advantage of the retics of Eurozone and has got what is not a bad price," said Allan Nicholls, analyst with James Capel.

AGF said that the addition of l'Escaut to its own AGF Belgium would create a group with BFr10bn of premium income.

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SPP buys strategic stakes in financial group for SKr4.6bn

By Robert Taylor in Stockholm

SPP, the private Swedish insurance company and the country's second-largest share owner, yesterday announced a SKr4.6bn (\$796m) investment in the financial group. The move anticipates legislation ending curbs on diversification by Swedish insurers.

SPP is acquiring 40 per cent of the equity and 44 per cent of the voting shares in Gota through the purchase of stakes from Provintus, the Swedish investment company and Kansallis-Osake-Pankki, Finland's leading bank (KOP). The price for the shares was SKr200 each.

Within the next two years, Stockholm is expected to change a law which prevents Swedish insurance companies from acquiring more than 5 per cent of the votes in limited companies

other than insurance and property groups.

The ruling Social Democrats have indicated they are preparing legislation to remove the restrictions which distinguish between the permitted activities of banks and insurance companies.

Yesterday's curious move indicates both SPP's optimism that the law will be amended shortly and a determination to make a pre-emptive move in what promises to be a highly competitive financial services market.

SPP, which handles public white-collar pension funds, said it will pay for the shares on Friday, but the transfer of ownership is to take place no later than July 1, 1992. By that time, it said, "legislative changes are expected to allow the transaction to be consummated."

Commercial co-operation between SPP and Gota will, however, be initiated immediately, the group said.

SPP already owns 3 per cent of the voting shares in Gota and it will immediately recognise a world of uses. That's why you'll find this brilliant chip, capable of holding 16 pages of newspaper text, at the very core of computers,

SPP's purchase is seen as a move to broaden the insurance company's activities into financial services, complementing its current strong position in the pension insurance market.

Mr Gabriel Urwitz, the chief executive officer of the Gota group, welcomed SPP's increased stake. He emphasised that the current co-operation with KOP in Finland would continue.

Newton found
that great ideas
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Newton was lucky. He was also smart enough to realise the gravity of his discovery. Developing our 4M DRAM semiconductor, although difficult, was a lot more down to earth. But we immediately recognised a world of uses. That's why you'll find this brilliant chip, capable of holding 16 pages of newspaper text, at the very core of computers, medical and office equipment around the globe. An example of how we at Toshiba are putting intelligent technology to practical use.

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INTERNATIONAL COMPANIES AND FINANCE

NEWS IN BRIEF

IFI profits for year rise 52%

ISTITUTO Finanziario Industriale (IFI), the financial holding company of the Agnelli family, announced a net profit of L1,885.9m (\$141m) in the year ended March 31, up 52 per cent from a year earlier, Agencies report.

IFI, which holds about 45 per cent of Fiat, Italy's largest industrial group, through direct and indirect shareholdings, also said it would raise its dividend by L65 to L315 a share, an increase of 50 per cent.

At the IFI shareholders' meeting in Turin, Mr Giovanni Agnelli, Fiat chairman, said an announcement could be expected soon about talks between the Italian carmaker and Chrysler.

■ Canal Plus, the French pay television company, said its first-half net profit after payments to minority interests grew 24 per cent to FF950m (\$94m) from FF740m for the same period a year ago.

The group also announced that it expected full-year net earnings to grow 144 per cent to FF1,700m, despite a recent decision to postpone the planned distribution of new decoders to customers until after December 1.

■ Nordbanken, the Nordic region's largest commercial bank group, has announced a 1 per cent improvement in profits to SKr23.34m (\$40m) for the first eight months of the year despite a 15 per cent setback to SKr1.32m for the bank alone.

The main cause for the downturn at the bank was the large growth in credit losses. For the group as a whole these more than doubled to SKr964m in the eight months for the bank they rose by 51 per cent.

■ CIB, Mr Carlo de Benedetti's main industrial holding company, said first-half parent company net profit rose to L88.6m (\$75m) from L61.2m, while group pre-tax profit slipped to L118.6m from L144.6m.

CIB said the lower first-half group result was mainly due to different criteria used to consolidate CIB's indirect stake in Belgium's Société Générale de Belgique.

Rodamco suspends policy of trading in own shares

By Ronald van de Krol in Amsterdam

RODAMCO, the Netherlands' largest property investment fund, effectively transformed itself from an open-end into a closed-end fund yesterday, following the suspension of its long-standing policy of trading in its own shares to keep its share price roughly in line with net asset value.

The fund, which took over Haslemere Estates of the UK in 1986 and failed in a bid for Hamamerson last year, is part of the Rotterdam-based Robeco investment group.

It said it had changed its policy after being forced to spend FF23m (\$1.3m) over the past nine months to repurchase more than 20 per cent of its outstanding shares.

To stem the outflow, Rodamco has halved its previous "voluntary" policy of share repurchases until further notice. Its statutes allow the fund to suspend the buying in of shares in exceptional circumstances.

Trading in Rodamco on the Amsterdam bourse was

suspended yesterday morning and is due to resume tomorrow, when the share price will reflect market forces instead of the company's daily calculation of net asset value. On Friday, Rodamco closed at FF73.30, a 12-month low.

Yesterday's surprise announcement contributed to the negative sentiment on the Amsterdam bourse, where traders were forecasting a drop in Rodamco's share price when trading resumed.

Mr Pieter Korteweg, chairman of Robeco, said the decision would not affect the Robeco group's other open-end investment funds, such as the Robeco and Rollinco share funds or the Korenato bond fund.

Unlike a share or bond fund, Rodamco is not in a position to liquidate investments quickly and easily to free money to buy in shares.

Mr Korteweg, who noted that Rodamco was one of only a few large-scale open-end property funds in the world,

said the decision reflected a downturn of interest in property investment caused by the Middle East crisis, high interest rates and negative publicity surrounding US property following the savings and loan (thrifts) problem.

Two other options open to Rodamco - borrowing funds at high interest rates or selling property in a difficult market - would not have been in the best interests of shareholders, he said.

Mr Korteweg said Rodamco would examine what its future policy on the buying in of shares should be once the current malaise in property investment came to an end.

Rodamco still had some FF500m in short-term liquidity, more than enough to meet its obligations, Mr Korteweg said. Rodamco was conservatively financed, with long-term borrowings of only FF700m compared with total assets of more than FF1.8m, he added.

World Stock Markets, Page 41

Two banks in Malaysia agree to merger

By Lim Siong Hoon in Kuala Lumpur

UNITED Asian Bank and Bank of Commerce, two Malaysian banks, have agreed to merge, creating the country's fifth largest in terms of shareholders' funds.

The deal is the last stage in the rescue and restructuring to private ownership of United Asian, one of eight financial institutions bailed out in recent years by Bank Negara, the central bank.

Bank Negara paid M\$458m (US\$170m) in 1988 to rescue United Asian; it now owns 78.5 per cent which is to be acquired by Bank of Commerce under a share swap scheme.

United Asian, with M\$4.1bn in assets, is roughly 1.4 times the size of Bank of Commerce. But United Asian reported accumulated losses of M\$379m last December, while net shareholders' funds stood at M\$163m compared with its capital base of M\$457m.

Banking mergers are rare in Malaysia, but the deal has received backing from the Finance Ministry. To help fund a rapidly expanding economy and to deal with new capital adequacy requirements, the ministry has argued that fewer but bigger players are necessary in the financial sector.

The merger adds United Asian's retail branch network to Bank of Commerce's main activities of merchant banking, stockbroking, leasing and property trust.

The deal is a further indication of the gathering strength of Renong, the holding company for the business empire of the United Malaysia National Organisation (Umno), the country's main ruling party.

Bank of Commerce will surrender its banking licence, but becoming an investment holding group controlling the merged entity of Bank of Commerce Bank and United Asian.

Three major shareholders will emerge from the exercise: Renong, Sarwa, Japan's fifth largest commercial bank, and the Malaysian central bank.

No valuation was given for the deal.

Dumez comes uneasily to Lyonnaise des Eaux

George Graham examines the new group's future

SHAREHOLDERS of Lyonnaise des Eaux, the French water services company, and of Dumez, the construction company, yesterday voted through plans for a merger which would create one of France's largest industrial groups, with expected sales this year of FF82bn (\$15.5bn), a workforce of 110,000 and a market capitalisation of more than FF21bn, even at today's low share prices.

Since the merger plans were announced in July, there have been rumours of unrest among shareholders, especially some members of the Chaufour family, which currently controls Dumez, who have regretted a merger in which their company will clearly be the junior partner.

But Mr Jérôme Monod, the chairman of Lyonnaise des Eaux, and Mr Jean-Paul Parayre, his opposite number at Dumez and a member by marriage of the Chaufour family, have succeeded in overcoming most doubts.

"I have tried to explain to our shareholders that this is not the disappearance of Dumez, but its mutation," Mr Parayre says.

The deal has required some explanation, for Mr Monod had repeated for years that he did not want to take Lyonnaise into construction. Now, he says that it is the construction business which has changed, rather than his strategy, adding that there is a world of difference between buying a construction company and merging with one.

Both he and Mr Parayre insist on the importance of the scheme they have adopted: a merger appears in many ways like a paper offer, with Dumez shareholders receiving four Lyonnaise shares for every three Dumez they hold, but unlike a paper offer, shareholders may not refuse, once the plan has received a two-thirds majority in an extraordinary general meeting.

"A merger is much more fruitful and profound for us than buying a construction company, and I think it is more interesting for Dumez, too, than if it were to buy 30 or 30 per cent of a services group.

FINAULT, the largest French timber and wood products group, plans to offer six of its shares for every five shares in trading and distribution group Compagnie Française de l'Afrique Occidentale that it does not own, writes George Graham.

Finault first took a 9 per cent stake in CFAO last November, built it to 20.1 per cent in February and now owns 33.1 per cent. A boardroom coup gave Finault chairmanship of a group which had tried to get away from its core business in Africa.

Market sources said the terms of the offer would represent a premium for CFAO shareholders of about 37 per cent over Friday's closing price of FF369 a share.

We won't be working separately," we will have one single vision," says Mr Monod, adding that a merger also has the advantage of avoiding spending any cash.

The change in the nature of the business, according to the two bosses, is the development of turnkey projects - the alliance of Dumez's construction capability with Lyonnaise's expertise as a manager of concessions from municipalities and regional authorities.

Mrs Christine Morin-Postel, who has spearheaded Lyonnaise's international expansion, comments that Lyonnaise has moved from targeting medium-sized towns to cities of 2m to 3m inhabitants.

"The teams are bigger, the financial engagement is bigger. Alone, we cannot respond."

After the UK and Spain, where Lyonnaise has already acquired a significant presence in the water and town cleaning businesses, Mrs Morin-Postel hopes soon to be able to announce advances in Italy and Germany.

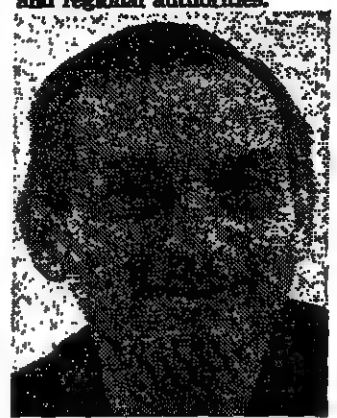
Together, the two companies hope that they will be able to offer closely co-ordinated solutions to infrastructure needs around the world, especially in areas such as Asia, where Lyonnaise and GTM are expected shortly to announce a major water piping project in Malaysia.

The merger will, however, involve a complete rethink of some of the more peripheral stakes held by the two companies, diversifications which may now be viewed as less useful for the combined group's development.

Mr Monod and Mr Parayre refuse to say what specific plans they have for stakes such as Vallourec, the steel tube group in which Dumez is a key shareholder; M6, Lyonnaise's loss-making television channel; or Havas, where Lyonnaise has a profitable but non-strategic investment.

In the short term, the group is forecasting 1990 net profits of around FF1.5bn - a 25 per cent advance in earnings per share from last year's re-stated figure of FF125.5.

For 1989, Mr Monod has set an objective - but not, he insists, a forecast - of FF22bn.



Jérôme Monod: avoided spending any cash

P&G ready to link paper products arm with Fater

By John Thornhill

THE emergence of the single European market has led to a consolidation of the nappy market, as Procter & Gamble announced yesterday it intended to merge its paper products businesses in Italy, Spain, Portugal and the UK with those of the Fater group, a privately owned Italian company.

A new jointly controlled company is to be set up in Italy which will manage Fater's interests in sanitary napkins, baby diapers and adult incontinence products and P&G's Pampers nappy operations.

No financial details of the proposed deal were released yesterday.

The combined group will, however, become a formidable player in the market since P&G already lays claim to a third of the total European market for paper and cloth diapers, while Fater, through its Lines brand, is estimated to have a market share

of nearly 10 per cent. In the UK, P&G will integrate the Fater-owned Swadlers company - which uses the Togs and Cares brand names - with the Pampers business.

This move will strengthen P&G's position in the UK market. Last month, P&G also announced it was to develop a multi-million plant in Trafford Park, Manchester, to expand its production of Pampers disposable nappies.

In Spain and Portugal, Fater's Ansonia and Lepori businesses will join with P&G's Arbona business, which is jointly controlled by the Agrolimen group.

The merger will also help to expand P&G's interests in the feminine sanitary napkin and adult incontinence products markets.

Previously, P&G has had only a limited presence in these markets in Greece, Belgium, Spain and Portugal.

Metsä-Serla to dispose of panel products unit

By Enrique Yamsari in Helsinki

METSÄ-SERLA, Finland's third largest forest group, will sell its panel products division to Finnforest, a new company which will be owned 90 per cent by Metsäliitto and 10 per cent by Metsä-Serla.

Metsäliitto, the forest owners' co-operative, is Metsä-Serla's largest shareholder. The value of the transaction was between FM300m and FM400m. Finnforest's annual sales will be FM700m (\$150m).

Metsä-Serla, which has also been hit by a global downturn in the forest industry and by large investments made earlier this year, said the sale would allow it to concentrate on its core areas, which include quality papers and paperboards.

Failing pulp prices will force Metsä-Serla temporarily to stop pulp production at a mill in Mänttä, which produces some 75,000 tonnes of dissolving and other pulp grades.

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Mandarin Oriental
Interim Report Highlights 1990

MANDARIN ORIENTAL THE HOTEL GROUP

Profit after taxation -7.5%
Earnings per share -7.7%

Dividend maintained.
Full listing sought on The International Stock Exchange, London.
Group continues to win industry awards:
- Mandarin Oriental Hotel Group
- Winner "Best Overseas Hotel Group" - Executive Travel magazine
- Mandarin Oriental, Hong Kong
- Winner "Top 50 Hotels by Popularity" - Eurosurvey
- The Oriental, Bangkok
- Winner "Best Hotel" - International Investor
- The Oriental, Singapore
- Winner "Hotel of the Year" - Executive Travel magazine

Although most of our non-Hong Kong hotels are performing well, the main feature of the second half of the year, will be increased competition arising from the addition of new hotel rooms in Hong Kong. This will bring continuing pressure to bear both on occupancy and on average room rates.

SIRION KESWICK, Chairman
24th September 1990

Mandarin Oriental International Limited
Incorporated in Bermuda with limited liability
281 Gloucester Road, Causeway Bay, Hong Kong
Tel: (852) 894 9288 Telex: 05577 MAND HK
Facsimile: 895 5262

HALF-YEAR RESULTS

	(Unaudited)		Year ended
	Six months ended 30th June 1990	Six months ended 31st December 1989	31st December 1989
	US\$ million	US\$ million	US\$ million
Turnover	60.8	66.7	127.8
Operating profit	19.5	25.9	49.6
Share of profits less losses of associates	7.1	5.3	11.8
Profit before taxation	26.6	31.2	61.4
Taxation	(1.7)	(5.2)	(7.8)
Company and subsidiaries	(2.1)	(1.5)	(3.2)
Profit after taxation	22.6	24.5	50.4
Minority interest	-	(0.1)	(0.1)
Profit after taxation and minority interest	22.6	24.4	50.3
Extraordinary items	19.5	-	-
Profit attributable to shareholders	42.1	24.4	50.3
Dividends	(9.5)	(9.5)	(35.8)
Transfer to reserves	51.6	14.9	16.5
	US\$	US\$	US\$
Earnings per share	3.34	3.52	7.44
Dividends per share	1.41	1.41	5.00

The Accounts have been prepared in United States Dollars and in accordance with International Accounting Standards and the 1990 comparative figures have been restated accordingly.

A member of the Jervis Business Group

MANDARIN ORIENTAL
THE WORLD'S FINEST HOTELS

Bernard Simon on challenges for a new-born Canada property group

"It's going to be a very patient exercise," said Mr Ross Cowan, analyst at the securi-

On the latter score, where flights emanate from or arrive in the US, the increase will also be 7 per cent in most cases.

He said that Poseidon Gold owned 19.99 per cent of Newmont Australia, and said: "We started a few years ago to build an international-class gold company. Newmont Aus-

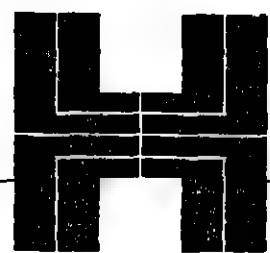
August 30, 1990

**With Barney, Harris Upham & Co.
Incorporated**

August 30, 1990

Goldman Sachs International Limited

1. *Journal of Management Studies*, 1990, 27, 1, 1-14.



Interim Report Highlights 1990

Hongkong Land

- Earnings per share +32%
- Dividend per share +34%
- Investment properties valued at US\$5.65 billion
- Portfolio 98% leased
- Full listing sought on The International Stock Exchange, London

"The Directors believe that the Group's income from properties should continue to benefit from positive rental reversions over the next 12 months."

SIMON KESWICK, Chairman
21st September 1990

HALF-YEAR RESULTS

	1990 US\$ million	1989 US\$ million	Year ended 31st December 1989 US\$ million
Turnover	176.9	131.4	287.3
Operating profit	174.9	122.6	274.4
Other income	0.7	0.1	0.3
Financing charges	(26.6)	(10.6)	(53.2)
Profit before taxation	147.9	112.1	221.5
Taxation	(17.9)	(13.8)	(28.4)
Profit after taxation	129.9	98.3	193.1
Dividends	(70.1)	(51.7)	(167.3)
Transfer to reserves	59.8	46.6	35.8
Earnings per share	US\$ 5.10	3.88	7.61
Dividends per share	US\$ 2.76	2.05	6.16
Net asset value per share	US\$ 1.90	N/A	2.00

The accounts have been prepared in United States Dollars and in accordance with International Accounting Standards and the 1989 Companies Act. The underlying accounts of the Group are principally denominated in Hong Kong Dollars and have been translated into United States Dollars at an exchange rate of US\$1.00 to HK\$7.80.

Hongkong Land Holdings Limited
Incorporated in Bermuda with limited liability

A member of the Jardine Matheson Group

New Issues
September 24, 1990

All these Notes having been sold, this announcement appears as a matter of record only.

STORA

Finansförvaltning AB

DM 300,000,000

Floating Rate Notes 1990/94

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GIROZENTRALE

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BANK BRUSSEL LAMBERT N.V.

BAYERISCHE LANDESBANK
GIROZENTRALE

BREMER LANDESBANK

DEUTSCHE GIROZENTRALE
- DEUTSCHE KOMMUNALBANK -

DSL BANK
DEUTSCHE SIEDLUNGS- UND
LANDESRENTENBANK

LANDESBANK RHEINLAND-PFALZ
- GIROZENTRALE -

SÜDWESTDEUTSCHE LANDESBANK
GIROZENTRALE

UNIBANK A/S

Ente Nazionale
per l'Energia Elettrica
(ENEL)

Yen 10,000,000,000

Guaranteed Floating Rate Notes due 1992

For the six months
28th September, 1990 to 28th March, 1991
In accordance with the terms and conditions of the Notes,
notice is hereby given that the rate of interest
has been fixed at 7.50 per cent. per annum,
and that the interest payable on the relevant
Interest Payment Date (as defined in the terms and conditions)
being, 28th March, 1991 against
Coupon No. 7 will be Yen 394,253.

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15th November 1990

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FINANCIAL TIMES

LONDON'S BUSINESS NEWSPAPER

INTERNATIONAL COMPANIES AND FINANCE

Charges add to Goodman Fielder loss

By Kevin Brown in Sydney

GOODMAN Fielder Wattle, the Australasian food group, yesterday announced a bigger than expected net loss of A\$85.6m (US\$71.3m) for the year to June 30, struck after abnormal losses of A\$202.7m.

The scale of the abnormal loss surprised the market, which had been expecting a net loss of up to A\$60m, compared to a net profit of A\$317m after abnormal last year.

However, the group said it had decided to make provisions against all its non-core investments to clear the way for a recovery based on organic growth in its core activities. Mr Michael Nugent, chief executive, said the board recognised that its non-core investments had performed poorly, and that only "prudent accounting treatment" would remedy the problems they had caused for the group.

"These provisions had to be made in order to allow the underlying financial strength of the group and its future profits to be clearly understood. Future performance of



Pat Goodman: scale of the group's loss surprised markets

the group should therefore be free from financial impediments or issues arising from previous non-core investment activities," Mr Nugent said.

The biggest provision was for A\$81.1m against the group's 49 per cent holding in Barcora, the vehicle for an executive share scheme, which owns 9.8 per cent of Goodman. The bel-

ance of Barcora's shares are owned by a trust controlled by Goodman executives.

The provision reflects a reduction in the value of the group's holding in Barcora, caused by a fall of more than A\$1 in Goodman's share price over the last year.

The group also wrote off its A\$60m investment in Harlin Holdings, the private company controlled by Mr John Elliott which is the main shareholder in Elders IXL, the Australian brewing and jam group. The investment was held indirectly through Baxis Finance.

The other main components of the abnormal loss were a provision of A\$43.2m relating to rationalisation costs in Australia and New Zealand, and losses of nearly A\$40m arising from the group's abortive attempt last year to take over Industrial Equity Ltd (IEL).

The takeover bid, worth A\$1.8m in cash and shares, was part of a deal agreed between Mr Pat Goodman, chairman of Goodman, and Sir

Ron Brierley, the New Zealand entrepreneur, who had decided to sell his Australian interests.

However, the deal was overtaken by an attempted management buy-out of IEL, which also failed. Goodman eventually sold its 20 per cent stake to Mr John Spalvis' Adelaide Steamship group, which now controls IEL.

Goodman said it had lost A\$18.8m on the disposal of IEL shares, and A\$19.7m in carrying costs. Goodman had earlier successfully fought off a \$1.3m bid from Banks Hovis McDougall of the UK, for which the group had itself bid unsuccessfully in 1988.

The group said profits were up 21.6 per cent to A\$200m before interest and tax, on turnover up 16.8 per cent to A\$3.5m. However, profits were down by 6.2 per cent to A\$117m after interest charges, taxes and minorities.

The board said the final dividend would be maintained at 6 cents, making a total dividend for the year of 11 cents, the same as last year.

Kay Hian James Capel goes public

By Joyce Quek

KAY HIAN James Capel (KHJC), a venture between two of the oldest stockbroking firms in Singapore and the UK, is going public, despite a weak local stock market caused by the Gulf crisis and the launch last week of two other issues.

KHJC is raising net proceeds of S\$36m (US\$20.6m) from the offer of 83.2m shares at 75 cents each. The offer closes on October 6. The company's price-earnings ratio is 14.2 compared with 16.4 and 17.6 for last week's issues by GK Goh and Kim Eng Securities respectively.

The directors forecast record pre-tax and after-tax profits of S\$26m and S\$18m respectively for the year ending December 31 1990. This compares with after-tax profits of S\$13.1m for the nine months to December 31 1989 and S\$7.3m for the year to March 31 1989.

For the half year to June 1990, KHJC earned after-tax profits of S\$1.1m. To meet its 1990 forecast, it requires second-half profits of S\$9m, which it believes is achievable based on the assumption of a daily market turnover of S\$22m from September to December.

KHJC has an 8 per cent market share.

Part of the proceeds will be used to expand the group's business in Asia and Europe.

Kay Hian was founded early this century by Mr Khoo Kay Hian. The London-based James Capel was set up in 1776. Mr Wee He Chao, the eldest son of Mr Wee Cho Yaw and founder of United Overseas Bank group, led a group which took over Kay Hian.

The younger Mr Wee is now KHJC's joint managing director with Mr George Ives of James Capel, which is owned by Hongkong and Shanghai Banking Corporation.

James Capel merged its stockbroking interests in Singapore by taking a 30 per cent stake in Kay Hian in June last year. It raised its holdings to 49 per cent in March this year.

After the public offer of 49.91m new shares and 33.7m vendor shares, the Singaporean directors and James Capel will each hold 37.5 per cent.

Mandarin Oriental down 7.5%

By Angus Foster in Hong Kong

MANDARIN Oriental, the luxury hotels arm of the Jardine Matheson group, yesterday reported a 7.5 per cent drop in profits before extraordinary items. The company was affected by increased competition and fewer visitors to Hong Kong.

Mandarin also announced it was following other companies in the Jardine Matheson group - controlled by the Keswick family - by applying for a listing on the International Stock Exchange in London. The company is also redenominating its share capital into US dollars and launching a sponsored American depositary receipts programme.

Mr Robert Riley, managing director, said the moves would

provide greater liquidity for investors and give the company a more international profile.

Mandarin said profits fell to US\$22.6m compared with US\$24.6m last time. Extraordinary profits from the write-back of provisions against associated companies lifted profits attributable to shareholders to US\$42.1m. The interim dividend was unchanged at 1.41 US cents.

Mr Riley said market conditions were tough, with several luxury hotels due for completion this year and next. Some Hong Kong hoteliers expect the number of rooms in the colony to increase by 40 per cent by the end of 1992. Visitor arrivals, meanwhile, are stagnant

due to a slowing economy and fewer tourists following last June's crackdown in Peking.

Mr Riley said, however, that the company was not heavily leveraged and had the financial strength to ride out the downturn.

He said the company had not been approached by Accor, the French hotel and restaurant group which has built up a 10 per cent stake in Mandarin. Accor says it does not want to buy Mandarin, but might be interested in working with the company as part of the French group's expansion into Asia.

Mandarin's hotel in Thailand, the Oriental Bangkok, lifted interim earnings 12 per cent.

Pick 'n Pay advances strongly

By Philip Gawth in Johannesburg

PICK 'N PAY, South Africa's largest retail chain, has achieved increases in profit and turnover against a background of a stagnating economy and difficult trading conditions in the six months to the end of August.

Turnover was 12.7 per cent higher at R2.44bn (R94m) and pre-tax profits were 15.3 per cent up at R62.7m.

Mr Chris Hurst, financial director, said the company was particularly pleased with the increase in turnover. He attributed the slightly lower income figure largely to heavy

markdowns in the textiles division. This was the result of over-buying, and the company was required to take a loss to get rid of the stock.

Mr Hurst stressed that this was a one-off, non-recurring item and that the group was bullish for the second six months. They were aiming for a 30 per cent increase in pre-tax profit for the year.

A factor working in Pick 'n Pay's favour was that its two main competitors, OK Bessers and Checkers, have suffered badly from industrial action in recent months. Pick 'n Pay

probably picked up customers as a result.

Mr Hurst said the group was pleased to see a return on the heavy investment it had made in technology in recent years. Shareholders in the food division, which accounts for 90 per cent of turnover, was one third lower than in the previous period. He anticipated further improvements in this area.

Earnings per share were up 15 per cent at 41.8 cents compared with 36.3 cents, while the dividend was lifted by 18 per cent to 12.5 cents per share from 10.6 cents.

Shipper marks time in first half

By Joyce Quek in Singapore

NEPTUNE Orient Lines (NOL), Singapore's international shipper, has reported barely-changed half-time results.

Group turnover at S\$634.1m (US\$322.5m) for the six months to June was 4.9 per cent higher than a year ago, having been hit by losses on translation of transactions in foreign currencies. Group pre-tax profits rose 6.6 per cent to S\$37.5m, with interest expenses 3 per cent higher at S\$17.3m, partially offset by higher contributions from associates.

However, the group is unlikely to match the S\$50.5m

pre-tax profits of 1988, expecting instead to maintain the first half's profit level.

Mr Herman Hochstadt, NOL chairman, said the worldwide uncertainty and higher oil prices caused by the Gulf crisis and the strengthening Singapore dollar were likely to affect the second-half performance. The energy bill for NOL's fuel-efficient fleet was S\$90m in 1989, or 6 to 7 per cent of total operating costs.

The carrier hoped it would not be affected badly by higher bunker prices on the assumption that it was able to pass on

the full increase to shippers.

The weakening of the US dollar against the Singapore currency resulted in a S\$24m paper loss, as the bulk of the carrier's earnings are in US dollars.

However, the stronger local currency also helped as two thirds of NOL's S\$18m loss and most of its operating expenses are also denominated in US dollars.

The conversion of 30m preference shares diluted the group's earnings per share from 5.55 cents to 4.82 cents in June.

Siebe plc

through its indirect wholly-owned subsidiary Siebe Inc.

has acquired

The Foxboro Company

The undersigned acted as financial advisor
to Siebe plc in this transaction.

LAZARD FRÈRES & Co.

LAZARD BROTHERS & Co., LIMITED

September 19, 1990

Handwritten signature: 2001/00152A

INTERNATIONAL APPOINTMENTS

Mr Hans-Joerg Rudloff to quit Credit Suisse board

THE SUPERVISORY board of Credit Suisse has announced that Mr Hans-Joerg Rudloff, a member of the executive board since January 1987, will resign from the board from the end of this year.

His responsibilities at Credit Suisse will be transferred to Mr Hans-Ulrich Doerig.

This will enable Mr Rudloff to concentrate on his present responsibilities as chairman and chief executive of Financière Credit Suisse First Boston, as well as his new responsibilities as member of the Group Executive Committee of CS First Boston.

Through the newly formed joint venture, Credit Suisse Financial Products, Mr Rudloff will continue to be directly connected with Credit Suisse, and will contribute to strengthening the group's standing in the global financing business.



Hans-Joerg Rudloff resigning from board at Credit Suisse. Rudloff is now a professor at Georgetown University.

FORD MOTOR of Canada, 94 per cent owned by the US parent automotive group, has named Mr Ken Harrigan chairman and chief executive officer, effective October 1. He was previously president and CEO.

The position of chairman was created recently. Mr Harrigan said: "I will be concentrating more on corporate activities rather than day-to-day operations."

Mr James O'Connor will become president and chief operating officer. He had been general sales and marketing manager at Ford's parts and service division in Dearborn, Michigan.

VAN OMMEREN Ceteco, the Dutch transport and trading group, is to have a new chairman of the board of management from the beginning of next year. He is Mr Carel van den Driest, who will succeed Mr Wim Brouwer on his retirement.

Mr van den Driest, 42, joined Van Ommen in 1974 and was elected to the board of management in 1988, having been managing director of Van Ommen Rotterdam and Van Ommen Terminal Singapore.

Mr Brouwer, 60, was elected to Van Ommen's board of management in 1977 following a career with Shell. He became chairman the following year.

Austrian bank names new deputy chairman

GIROZENTRALE Vienna, Austria's second largest bank, has announced important management changes to be effective from November 1.

Herbert Lugmayr will become deputy chairman of the managing board, while Helmut Jell will take over as executive vice president and member of the management board.

Fritz Anton, senior vice president and present head of international division one, will be the new treasurer.

The bank is merging its two international divisions, and has appointed Anton M. Burghardt, senior vice president and current head of international division two, as head, international.

Mr Anton will report to Herbert Lugmayr.

MOTOROLA, the radio-telephone systems group, has announced that John M. Scanlon will join the group as vice president and general manager of the cellular infrastructure division.

Mr Scanlon, 48, is currently chief operating officer of the Cambridge Technology Group, of Cambridge, Massachusetts. Before that, he spent more than 23 years with AT&T in switching and computer systems.

"Over the last several years, we have been planning and developing more and more intelligent cellular network products and services," said Mr Bernard Smedley, senior vice president.

"Now that John Scanlon is joining us, we are confident that our vision in this area can become a reality much sooner."

GARRICK T. HU has been promoted to general manager of the technical centre for Paccar, the heavy vehicle maker, in Mount Vernon, Washington.

Mr Hu has been with Paccar since 1983, when he joined as senior project engineer. He has since had a variety of responsibilities at the technical centre as well as assignments with other Paccar operations.

OCTOBER MADRID

6
8

EXPOCALZADO
International Footwear
Trade Fair

6
8

INTERLOOK
International Hairdressing,
Beauty Care, Cosmetics &
Perfume Show

16
18

COGENERACION
International Energy
Cogeneration

16
20

MATELEC
International Exhibition of
Electrical Material for
Installations & Rural
Electrification

26
29

VETECO
Windows, Ceilings, Curtains,
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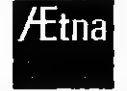
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INTERNATIONAL CAPITAL MARKETS

Barclays Bank plans novel preferred stock structure

By Tracy Corrigan

BARCLAYS BANK is understood to be planning to raise equity-type capital using a novel financing structure which other banks could imitate. It will be the latest in a recent rash of bank financings designed to bolster capital to comply with regulatory guidelines.

Barclays is believed to have developed a new structure for preferred shares which will allow a fresh investor base to be tapped - the Far East.

Preferred shares are fixed-dividend shares which have a prior asset claim over common stock. Like common stock, they rank as Tier 1 capital under the guidelines set by the Bank for International Settlements.

In the past, preferred shares have been priced against the US municipal bond market and sold to US retail investors. Barclays plans to issue preferred shares which will pay a spread over the London interbank offered rate.

Barclays de Zoete Wadd is expected to lead underwriter of the transaction, which will be launched in Tokyo.

Mr Brian Worsley, Barclays' assistant treasurer, declined to comment on any deal, except to say that Barclays, with other banks, is looking at various means of raising capital.

However, investment bankers have got wind of the deal, which is believed to have been given a green light from the Bank of England.

Barclays is said to be planning to issue the paper through a subsidiary, a structure which has not previously been allowed for Tier 1 capital.

The Barclays deal is believed to target Japanese lending companies, which have an appetite for high-yielding debt. Bankers estimate that Barclays will have to pay interest of about 150 basis points above Libor, to attract such investors.

The bank has a history of innovative capital-raising, having brought the first step-up coupon perpetual financing in Tokyo.

However, the bank is said to have shunned the variable-rate structure used by other banks.

As banks struggle to meet capital adequacy guidelines, there has been a resurgence in the issuance of subordinated variable rate notes this summer, culminating in the first such financing in Ecu by the Spanish bank Banesto last week.

Such debt ranks as Upper Tier 2 capital if perpetual, or lower Tier 2 if dated.

Meanwhile, a flood of \$4bn of dated subordinated debt has

been launched so far this month by Japanese banks, with more expected to follow. Japanese banks urgently need to bolster capital eroded by recent equity market declines.

Such debt ranks as Lower Tier 2 capital under the BIS guidelines.

But the category of capital which banks have found most problematic has been Tier 1 capital, which for fund-raising purposes comprises just common equity and preferred stock.

With stock markets currently in a weak state, it would be difficult and expensive for banks to issue fresh equity. So the Barclays structure, if accepted by the BIS, could provide a welcome opportunity to raise such capital. However, bankers warn that demand for such paper will be finite.

"Every bank would do this if it could. But there may not be room for more than a couple of billion dollars," one investment banker observed.

So although the new structure may be a boon for banks seeking capital, it will not tackle the scale of the problem. According to an estimate by Salomon Brothers, the 35 members of Salomon's bank stock index need to raise \$6.5bn of Tier 1 capital by 1994, to achieve a 5 per cent tangible equity-to-asset ratio.

NZ futures and options exchange in shake-up

By Deborah Hargreaves

THE New Zealand Futures and Options Exchange, which plunged into crisis late last year following a member default, has agreed plans to revamp its membership and let a private body run its services, Reuter reports.

The changes would allow non-members to trade. Policies would be left to an independent body in which current exchange members could each have a stake.

Mr Gavin Kennedy, exchange president, said: "The principal decision was that the board of the exchange investigate further the concept of private ownership of the services function of the exchange."

Members approved the change at a meeting at the annual conference over the weekend. However, they set no deadline for the changes to be made.

Under the plan, the present trading and affiliate membership tiers would be replaced by a trading permit which would cost about NZ\$20,000 (US\$12,900) a year. Principal traders, or those trading on their own account, would have to be clearing members, subject to supervision.

Exchange brokers, who would trade with the public, would be subject to supervisory standards concerning client money, regulations, capital adequacy and reporting requirements.

The exchange has 16 trading, or full, members, and its market capitalisation has been independently assessed at about NZ\$4m, or NZ\$250,000 per member.

The exchange was shaken last November when a member, Jordan Sandman Futures, part of the JB Were Australian broking group, defaulted, forcing the New Zealand central bank to intervene.

Trading in share options will start on October 8, the exchange said yesterday. No transaction fees will be charged until Christmas. The exchange and International Commodities Clearing House agreed to waive fees initially to help stimulate liquidity.

From October 5 options in Brierley Investments, Robt Jones Investments, Fletcher Challenge and Charter Holt Harvey will be listed.

Japanese derivatives to be launched

By Deborah Hargreaves

AMID continued weakness in the Japanese stock market, US derivatives exchanges are preparing to launch a rush of futures and options products based on Japanese stock indices this week.

The products will give US investors and speculators the chance to take a view on the Japanese market without trading in Tokyo. Japanese regulators are concerned at the establishment of derivative instruments beyond their control.

Japanese regulators are understood to have expressed doubts about the contracts in letters to the US exchanges. In addition, the Tokyo Stock Exchange is refusing to enter into an information-sharing agreement with the American

Stock Exchange in New York, which plans to launch an option on its Japanese index today.

It is unusual for the US Securities and Exchange Commission to give approval for stock index products which do not include information-sharing pacts with exchanges which trade the cash market. However, the Amex was confident, awaiting SEC approval yesterday.

Chicago's two big futures and options exchanges included information-sharing agreements with the Japanese exchanges at least two years ago, which leaves the Japanese authorities in a better position to express their concern over the new products.

The Chicago Mercantile Exchange will launch a futures and options contract on the Nikkei 225 today, while its rival, the Chicago Board of Trade, will begin trading on its Tokyo Stock Exchange Index (TOPIX) futures and options on Thursday.

The CME was planning to wait until its Globex automated trading system got off the ground to list its Japanese products but has been pushed into an earlier start by the CBOT's decision to launch this week. The CBOT had been awaiting approval to trade an option on the TOPIX, which it is expecting today.

In a unique twist, the CBOT's contracts are denominated in yen, which adds currency risk for traders. The other exchanges' contracts are in dollars. The Japan index to be traded at the Amex contains 210 of the most liquid Japanese stocks and its performance usually closely matches that of the Nikkei.

In addition to its new option, the Amex has announced an agreement with the Economic Development Corporation of Honolulu to establish a securities trading facility in Hawaii. The move is a bid to grab more business from Japan and the Pacific Rim countries.

The London International Financial Futures Exchange will today announce changes in its Japanese bond futures contract aimed at increasing volume in the product.

National Australia Bank in AS\$60m deal

By Simon London

A PUBLIC holiday in Japan further restricted bond issuance but borrowers continued to take advantage of opportunities in the Australian dollar market.

The high rate of recent redemptions in the sector has left a pool of retail buyers looking to re-invest Australian dollar funds. Tapping this demand yesterday, National Australia Bank launched a AS\$60m issue through Dresdner Bank. Targeted at retail investors in Germany and Benelux

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
ME DOLLARS						
Credit Local de France (a)	100	(a)	100	1997	10bp	Credit Lyonnais Euro-Sea
AUSTRALIAN DOLLARS						
Peninsula Oriental (a)	100	14.8	102	1996	2 1/4%	Samuel Montagu & Co Ltd
National Australia Bank (a)	60	14	101 1/2	1994	1 1/4%	Dresdner Bank AG
STERLING						
Bred. & Singley S. Sec. (a)	150	(a)	100 1/2	1997	24bp	CBPDS

Final terms. Floating rate notes. a) Non-callable. b) Callable at par from Oct. 1995, then at coupon dates. c) 3-month Libor + 50bp. d) Fixed reoffer at 99.50. e) 3-month Libor less 6.25bp.

Peninsula and Oriental Steam Navigation Company, the UK shipping, property and construction group, launched a AS\$60m deal through Samuel Montagu.

The five-year bonds were priced at 102 and carry a coupon of 14.8 per cent.

The issue was largely pre-placed with a group mainly consisting of banks which are asset-swapping the paper. Trading volume is likely to be slow at first, the lead manager reported, additional demand from retail investors in Europe.

For F&O the issue represents a move to diversify funding sources. The company will not be swapping the proceeds of the issue and is using the funds to meet working capital requirements at its Australian subsidiary. Last year the company was the first non-Japanese borrower to issue convertible bonds in Tokyo, following deregulation of the market by the Japanese authorities.

Businesses started quickly in the US. Bredford & Singley Building Society launched a \$150m floating-rate note issue, with Credit Suisse First Boston as lead manager. The seven-year bonds offer a spread

of 8 basis points over the three-month London interbank offered rate, in line with other issues by Bradford & Singley.

The paper was taken up mainly by UK institutional investors. The lead manager reported the deal trading at the fixed re-offer price of 99.50, well inside full fees of 24 basis points. Credit Local continued an active period, following the day on a volume of 12,561.

Equity offerings last week, with a \$100m floating-rate note issue through Credit Lyonnais. The paper was largely pre-placed and trading at issue price of par.

Most of the business was conducted on behalf of private clients with index options seen as justifying their high price as investors profited from the falling market.

Stoile-Royce was the busiest stock option with 2,667 lots traded - principally as a result of intra-market business.

Trusthouse Forte was active again, ahead of the company's results out on Thursday, with 2,598 contracts exchanged.

figures. Total turnover fell from 46,000 on Friday to 36,180 with the dealing in FT-SE options dominating the day on a volume of 12,561 (\$4,420 calls and 8,171 puts) in anticipation of the expiry of the September option on Friday.

Most of the business was conducted on behalf of private clients with index options seen as justifying their high price as investors profited from the falling market.

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Zurich suspends trading in Polly Peck

By William Dufforce in Geneva

TRADING IN six Polly Peck International bond issues with a nominal value of SFR600m (\$460m), as well as in the shares of the UK truck trading and electronics group, were suspended by the Zurich Stock Exchange last Friday.

S.G. Warburg, Societe, the Geneva-based investment bank which was lead manager for the six bond issues protested yesterday that there was no justification for their suspension.

Mr Marc de Frisching, executive vice-president of the bank, said that it had been reasonable to stop trading in the Polly Peck shares because

rumours and newspaper reports could have created a false market.

But the reports had spoken of an investigation into Mr Asil Nadir, Polly Peck's chairman, not into the affairs of the company, so that a halt to trading in bonds was not called for, he said.

Warburg Societe had handled only bonds for Polly Peck and had had nothing to do with matters related to trading in Polly Peck shares, Mr de Frisching said. Mr Jürg Glig, deputy director of the Zurich Stock Exchange, said it was an exchange rule to suspend a stock, when trading in it had

been stopped on its "home" bourse.

The decision to halt bond deals had been taken after a bid of 70 had been made in pre-bourse trading for a Polly Peck 8 1/4 coupon issue which had been on offer at 90 the day before.

The Polly Peck fixed-interest bonds on which Zurich has suspended trading are: SFR70m 6 per cent due 1992; SFR50m 8 1/4 per cent due November 1990; SFR100m 5 1/2 per cent due April 1988; SFR125m 5 1/2 per cent due September 1994; SFR100m 8 1/4 per cent due March 1995; SFR150m 8 1/4 due March 1997.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

British Funds	Rises	Falls	Same
Corporations, Dominion and Foreign Bonds	3	5	7
Industrial	194	635	172
Financial and Property	346	346	209
Oil	30	20	40
Plantations	23	5	63
Others	43	78	115
Totals	377	1,197	1,336

LONDON RECENT ISSUES

Issue	Amount	Latest	1990	Stock	Price	Yield	Time	Yield
101.75	101.75	101.75	101.75	101.75	101.75	101.75	101.75	101.75
102	102	102	102	102	102	102	102	102
103	103	103	103	103	103	103	103	103
104	104	104	104	104	104	104	104	104
105	105	105	105	105	105	105	105	105
106	106	106	106	106	106	106	106	106
107	107	107	107	107	107	107	107	107
108	108	108	108	108	108	108	108	108
109	109	109	109	109	109	109	109	109
110	110	110	110	110	110	110	110	110

FIXED INTEREST STOCKS

Issue	Amount	Latest	1990	Stock	Price	Yield	Time	Yield
101.75	101.75	101.75	101.75	101.75	101.75	101.75	101.75	101.75
102	102	102	102	102	102	102	102	102
103	103	103	103	103	103	103	103	103
104	104	104	104	104	104	104	104	104
105	105	105	105	105	105	105	105	105
106	106	106	106	106	106	106	106	106
107	107	107	107	107	107	107	107	107
108	108	108	108	108	108	108	108	108
109	109	109	109	109	109	109	109	109
110	110	110	110	110	110	110	110	110

RIGHTS OFFERS

Issue	Amount	Latest	1990	Stock	Price	Yield	Time	Yield
101.75	101.75	101.75	101.75	101.75	101.75	101.75	101.75	101.75
102	102	102	102	102	102	102	102	102
103	103	103	103	103	103	103	103	103
104	104	104	104	104	104	104	104	104
105	105	105	105	105	105	105	105	105
106	106	106	106	106	106	106	106	106
107	107	107	107	107	107	107	107	107
108	108	108	108	108	108	108	108	108
109	109	109	109	109	109	109	109	109
110	110	110	110	110	110	110	110	110

TRADITIONAL OPTIONS

Issue	Amount	Latest	1990	Stock	Price	Yield	Time	Yield
101.75	101.75	101.75	101.75	101.75	101.75	101.75	101.75	101.75
102	102	102	102	102	102	102	102	102
103	103	103	103	103	103	103	103	103
104	104	104	104	104	104	104	104	104
105	105	105	105	105	105	105	105	105
106	106	106	106	106	106	106	106	106
107	107	107	107	107	107	107	107	107
108	108	108	108	108	108	108	108	108
109	109	109	109	109	109	109	109	109
110	110	110	110	110	110	110	110	110

LONDON TRADED OPTIONS

THE derivative markets saw brisk short-term trading yesterday as dealers sought to cash in on the high level of volatility on the underlying equity market.

Dealers in the London Traded Options Market (LTOM) were buying FT-SE options in the morning and selling them in the afternoon.

The London International Financial Futures Exchange also saw lively trading in FT-SE futures contracts with a 7,881 turnover in the September contract, which the exchange opened at a small premium but fell to a discount in expectation of a week opening on Wall Street.

It reached a 14-point discount to the cash market, as market makers hurriedly cut back their prices to deter sellers, but rallied

to close at a 10-point discount to estimated fair value. The December issue was also busy with 4,212 lots traded.

US\$ Phillips & Drew in an analysis published today argues that the FT-SE futures offer especially good value to investors prepared to take an optimistic stance.

The Equity Futures Monitor report claims that the equity market is being supported by good yields on stocks and that the time is right to buy. It goes on to argue that as the September futures is trading at a discount to estimated fair value it is relatively cheap.

Business started quickly in the LTOM but picked up after 11.30am with the announcement of encouraging UK balance of payments

figures. Total turnover fell from 46,000 on Friday to 36,180 with the dealing in FT-SE options dominating the day on a volume of 12,561 (\$4,420 calls and 8,171 puts) in anticipation of the expiry of the September option on Friday.

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FT-ACTUARIES SHARE INDICES

* The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in cooperation with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Monday September 24 1990					Fri Sep 21	Thu Sep 20	Wed Sep 19	Year ago (approx)	
A & SUB-SECTIONS		Index	Day's Change %	Est. Earnings Yield % (Max.)	Gross Yield % (Ytd to Oct 25%)	Est. P/E Ratio (Est)	Index	Index	Index	Index	
Figures in parentheses show number of stocks per section							Index to 1990 to date				
1	CAPITAL GOODS (195)	658.43	-1.6	17.03	7.10	7.20	29.40	649.07	662.65	687.45	986.14
2	Building Materials (26)	820.29	-0.7	18.40	7.39	7.39	34.59	6.70	812.99	812.99	1192.03
3	Contracting, Construction (36)	993.11	-0.7	22.30	4.63	5.86	30.99	1020.20	1064.29	1063.23	1594.98
4	Electricals (10)	1005.83	-1.2	15.57	7.39	7.85	73.06	1028.08	1031.99	1041.33	1891.33
5	Electronics (27)	1486.79	-1.7	11.04	5.41	12.32	56.74	1513.08	1522.48	1524.80	2164.30
6	Engineering-Aerospace (8)	399.79	-2.4	16.83	6.02	7.14	15.17	409.54	402.64	402.64	814.30
7	Engineering-General (46)	363.21	-1.3	16.59	7.15	7.25	15.76	368.14	364.97	365.96	0.00
8	Metals and Metal Forming (6)	384.09	-1.6	38.05	8.76	4.05	17.02	390.23	387.81	403.40	516.05
9	Motors (13)	260.41	-1.3	20.61	9.07	5.65	14.36	263.91	265.36	281.67	377.65
10	Other Industrial Materials (23)	1108.40	-1.7	11.53	7.37	7.44	36.37	1138.99	1165.20	1169.10	1797.22
11	CONSUMER GOODS (176)	1317.43	-1.4	17.07	7.41	7.41	31.71	1317.13	1317.13	1317.13	1326.29
12	CONSUMER GOODS (176)	1370.13	-1.3	15.43	3.41	10.60	33.43	1387.47	1389.74	1389.74	1498.57
13	Food Manufacturing (20)	395.38	-1.6	12.17	5.09	10.14	24.61	377.00	378.78	397.26	1187.84
14	Food Retailing (16)	2245.34	-0.7	10.57	3.72	12.04	50.82	2262.88	2298.63	2324.81	2637.24
17	Health and Household (12)	2395.95	-2.1	7.75	3.24	15.32	47.38	2342.54	2303.21	2311.15	2503.57
19	Leisure (30)	1137.43	-1.3	13.59	6.59	9.79	31.91	1117.79	1127.95	1127.95	1307.05
20	Packaging & Paper (12)	477.24	-1.1	13.49	7.29	9.11	22.54	482.83	482.79	489.44	608.05
23	Publishing & Printing (16)	2878.17	-1.3	12.64	6.52	9.92	11.85	2915.27	2940.70	3026.84	3830.46
24	Stores (33)	718.44	-1.4	13.29	5.27	10.48	18.26	728.76	736.54	742.62	864.84
25	Textiles (11)	300.99	-2.4	15.51	9.28	19.76	39.45	308.15	308.15	405.67	571.98
40	OTHER GROUPS (107)	923.53	-0.3	13.51	6.40	8.86	31.51	923.53	949.24	970.51	1224.07
41	Agencies (16)	1061.28	-3.6	10.20	3.78	11.20	109.00	1077.93	1138.74	1154.79	1510.79
42	Chemicals (24)	940.57	-2.4	14.17	7.08	8.33	46.23	964.99	957.43	971.43	1304.76
43	Comglomerates (15)	1228.56	-1.6	13.64	8.09	8.83	26.31	1267.63	1267.63	1282.74	1728.76
44	Transport (13)	1781.92	-1.1	12.81	9.22	45.20	101.98	1781.92	1818.84	1818.84	2172.22
45	Telephone Networks (2)	1833.97	-1.1	12.94	5.45	10.05	26.09	1856.03	1863.82	1867.07	2135.94
47	Water (10)	1922.57	-1.2	14.06	7.05	7.01	68.12	1946.34	1961.78	1979.45	0.00
48	Miscellaneous (27)	1445.57	-1.5	14.55	6.27	7.89	61.39	1467.89	1463.87	1479.27	1946.10
49	INDUSTRIAL GROUP (489)	950.55	-1.6	13.18	5.71	9.29	30.96	966.16	963.18	988.22	1238.18
51	Oil & Gas (20)	2432.70	-1.1	12.26	5.14	12.75	34.75	2489.67	2447.33	2458.66	2216.14
59	508 SHARE INDEX (508)	1070.29	-1.5	10.68	5.61	9.75	35.28	1065.83	1085.18	1087.50	1321.30
61	FINANCIAL GROUP (167)	621.68	-0.6	8.46	7.84	8.46	24.27	633.97	633.97	633.97	811.34
62	Banks (95)	621.68	-0.8	25.13	7.84	5.21	41.50	643.50	643.50	704.10	811.34
63	Insurance (Life) (7)	1233.20	-3.4	-	6.22	-	54.97	1270.10	1280.95	1298.50	1207.60
66	Insurance (Composite) (6)	526.46	-0.6	-	8.06	-	27.35	542.90	552.72	566.94	656.81
67	Insurance (Broken) (8)	757.70	-1.9	11.82	8.51	11.06	40.48	772.61	778.98	788.77	983.14
68	Proprietary (2)	310.39	-2.2	12.51	8.26	12.51	22.51	326.72	326.72	326.72	326.72
69	Merchant Banks (7)	834.72	-2.2	9.11	5.88	14.56	24.32	853.90	845.75	881.88	1342.96
70	Other Financial (23)	254.78	-1.1	11.56	7.48	11.37	10.27	247.25	243.00	246.31	367.68
71	Investment Trusts (6)	974.15	-1.5	-	4.05	-	24.36	988.18	1001.20	1028.96	1288.95
91	Overseas Traders (5)	1079.53	-1.9	13.94	9.54	8.92	34.65	1112.32	1104.22	1195.05	1457.45
99	ALL-SHARE INDEX (678)	962.09	-1.6	-	5.86	-	33.69	977.59	976.33	1000.73	1197.67
		Index	Day's Change %	Index High (Oct 1)	Index Low (Oct 1)	Sep 20	Sep 19	Sep 18	Sep 17	Year ago	
FT-SE 100 SHARE INDEX		1990.51	-35.2	2004.81	1986.51	2025.51	2016.91	2065.81	2064.01	2094.31	2359.61

UK COMPANY NEWS

A stake through KB's heart?

David Lascelles on the merchant bank's public agony over Premier

KLEINWORT Benson is suffering an experience every company dreads: a profound and very public agony.

For the last seven weeks, the group, which is the UK's second largest merchant banking group, has been nursing a huge loss-making position in the shares of Premier Consolidated Oilfields, the independent UK oil company.

The cost of financing the position alone is nearly £400,000 a week - or £3.5m so far. The paper loss on the holding at yesterday's price is £25m.

In spite of constant reports in the market that the shares have been sold, Kleinwort is believed still to have them on its books, though Mr David Peake, chairman, declines to comment on rumours. "We are trying to find a solution which is satisfactory to us and fits in with the views of our clients," he said yesterday in his first public remarks on the deal.

Kleinwort is both stockbroker and merchant bank to Premier. It bought the 29.7 per cent stake in August from Burmah Castrol for £128m, expecting to be able to place it with investors. But while the threat of war in the Gulf made oil a good buy at the time - and Kleinwort has one of the City's best-rated teams of oil analysts - it failed to find buyers. The price plummeted and the losses began to mount.

The immediate concern is for the health of Kleinwort itself. Unless the share price rises sharply, Premier could easily wipe out half Kleinwort's

expected earnings of £60m this year. This has sparked rumours that the Bank of England is pushing Kleinwort to sell out, or raise fresh capital.

Mr Peake admits that the deal was "a bad misjudgment", but denies that his bank is under any official pressure. "We have kept the Bank in the picture, and our capital ratios are well above what they need to be."

At the end of June, Kleinwort had £503m of shareholders' funds and another £300m of loan capital. But it has had to transfer more capital into its securities subsidiary to underpin the Premier stake. And since Premier does not pay a cash dividend, there are no offsetting earnings on the position.

Other bankers said it was unlikely that the Bank of England would add to Kleinwort's difficulties by forcing it to realise losses, particularly since its capital ratios are strong. One of them said it was more likely that Kleinwort would be given several months to find a solution. The Bank itself does not comment on individual institutions.

Mr Peake declines to discuss precisely how the decision to bid for the stake was made, but he says "the top people" were involved. The group board was informed about it at a routine meeting two days later. The board is not usually told about every transaction that goes on at Kleinwort, but Mr Peake concedes that this was one of the largest of its kind undertaken by the company.



David Peake: the deal was a 'bad misjudgment'

The affair has been a huge loss of face for Kleinwort which has been trying hard to establish its credibility in the securities markets - a field it only entered at the time of the Big Bang reform of the City in 1986. And some people see it as a sign that the group is failing to make the grade.

"It's an absolute disaster," says Mr David Pountney, the analyst who follows merchant banks at UBS Phillips & Drew. "You don't need a lot of capital to do these deals. But it has exposed the lack of placing power at KB."

He estimates Kleinwort has about 4 per cent of the market, which is about half that of more powerful houses like

SG Warburg.

The episode also raises wider questions about block trading, a practice which was imported from the US at the time of Big Bang when sizeable financial groups like Kleinwort became market-makers. Block trading helps market liquidity, but it is highly risky.

The chief executive of another merchant bank yesterday said: "For someone with the capital and the market-making skills, it is something you should go in for. But you've got to get it right because the cost of getting it wrong is huge."

Shortly after Kleinwort bought the Premier stake, a similar deal occurred when Imperial Chemical Industries sold a 25 per cent stake in Enterprise Oil to Warburg and Cazenove, the stockbrokers. They successfully placed it at a profit.

If Kleinwort is still carrying the shares at a loss at the end of the year, it will have to mark their value down to the market price in its accounts and make a provision. A new accounting rule obliging banks to do this came into force only last week, though Mr Peake says Kleinwort already has a policy of marking to market.

And when the loss is realised, Kleinwort would make an announcement because of all the publicity over the deal.

Mr Peake says the loss will not deflect Kleinwort from its strategy to be an integrated investment banking house. "We're of a size that we can deal with a situation like this,"

Hays advances 12% to £56m

By Andrew Jack

HAYS, the business services group, announced pre-tax profits up 12 per cent to £56.2m in its first full year results since joining the market in October.

The £166m flotation was the largest recent sale outside the government's privatisation programme.

The Guildford-based recruitment, distribution and commercial services company, said the increase for the 12 months to June 30 was almost entirely the result of organic growth.

The accounts were restated on a pro-forma basis to allow comparison with the period before listing.

Mr Ronnie Frost, chairman and chief executive, said: "I believe we have demonstrated that we are resilient in a downturn, and can perform better than other companies."

Against a background of poor results from recruitment agencies, Hays' personnel division, focused on accountancy

professionals, reported operating profits marginally down to £18m (£19.4m).

Excluding Australia, profits rose by £400,000, according to Mr Frost. The company opened 39 new offices.

New contracts from Tesco, Marks and Spencer and World of Leather boosted operating profits in the distribution business by 17 per cent to £27.7m (£23.7m).

There is a £2.8m extraordinary item to pay for gift shares to senior management and bonus shares for staff.

Turnover was 15 per cent higher at £683m (£565m), but excluding the value of orders purchased on behalf of distribution customers, growth in "true turnover" exceeded 30 per cent, said Mr Frost.

Earnings per share are 8.8p (8.5p). Hays recommended a final dividend of 2.35p, making a total of 8.5p for the year.

The shares closed unchanged

at 56p.

COMMENT

Hays' three divisions do provide breadth but do not make the company recession-proof. Long-term contracts in the distribution business from major High Street retailers and the National Health Service look promising. So do unexpected windfall profits from Britdoc, a courier company within the commercial division whose rates will rise by 1p in line with a 2p increase from the Post Office for first class mail.

Prospects for the full year will depend on second half performance from the accountancy recruitment business, which contributed 82 per cent of operating profits last year. Accountants may be more in demand than secretaries during a downturn, but judging from the last few months' results, they are not immune to it. On full-year profits of £60m, the shares are probably a long-term buy on a multiple of about 8.

Full year 1989 profits divided from £1.12m to £364,000.

Blackwood takeover speculation

By Jane Fuller

SPECULATION that RM Group, the maker and distributor of construction and industrial equipment, was about to take over Blackwood Hodge followed the suspension of the two companies' shares yesterday.

An announcement is expected today.

RM Group, which increased pre-tax profit by 37 per cent last year and has low gearing, is in a good position to pick up weaker companies in its field.

Its shares were suspended at 245p, giving a market value of £145m.

Blackwood Hodge, a distributor of earth-moving equipment, saw pre-tax profit nearly halve to £2.3m in the opening six months of the year after interest charges of nearly £9m. It also had to suffer extraordinary reorganisation costs of £2.5m, which included the closure of a Northampton factory.

Its share price gained 54p on Friday to close at 21p, the price at which it was suspended, giving a market value of £35m.

RM Group, which is chaired by Mr Roger Shute, made a pre-tax profit of £24m on sales of £26.4m in the six months to December 31. Its annual turnover is thought to be about £240m.

Last year Blackwood Hodge made a pre-tax profit of £18.2m on sales of £49.7m, with earnings per share of 7.44p. Contributions from the US, Canada and Australia helped counteract a loss by the UK activities.

When the results were released in March, the company also announced that Mr Kenneth Scoble had resigned as managing director. At the end of 1989, it had net assets of about £25m. It was 59 per cent geared.

Arthur Wood falls

Arthur Wood & Son (Longport), an earthenware maker, reported first half 1990 pre-tax profit down from £157,000 to £38,000.

Turnover fell to £1.55m (£1.63m) on poor trading conditions in the home market, disruption to output during reconstruction work, and increasing bias towards second-half trading.

SANTAMIA INVESTMENTS PLC

£20 million Subordinated Floating Rate Notes Due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 21st September, 1990 to 21st March, 1991 the Notes will carry interest at the rate of 16.375 per cent per annum.

Interest payable on 21st March, 1991 will amount to £8,120.21 on each £100,000 NOM.

Chartered WestLB Limited Agent Bank

GT JAPAN INVESTMENT TRUST

In the year to 30th June 1990, the net asset value of the GT Japan Investment Trust rose by 16.9%.

Over the same period, the Tokyo New Stock Exchange Index fell by 19.6%, sterling adjusted. (Source: Micropal.)

This remarkable outperformance has made GT Japan Investment Trust the best-performing of all investment trusts over the ten years to 30th June 1990, with net asset value total return of 1175%. (Source: AITC.)

Past performance is not a guide to the future. The value of shares can fluctuate.

The Trust is advised from Tokyo, where GT has developed a major presence over the years: this depth of local experience provided the basis for a highly successful investment strategy during a difficult year.

When underlying changes became apparent in the Japanese market in the last quarter of 1989, the managers responded with characteristic swiftness.

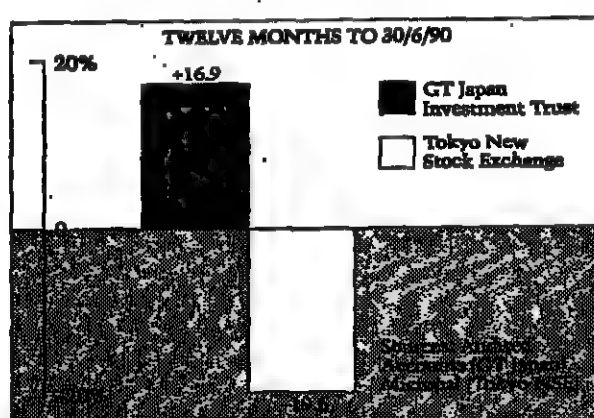
They made significant reductions in the Trust's holdings of larger companies and of warrants, and they switched the emphasis to undervalued smaller and medium sized companies with strong earnings growth and to companies in the fast-growing semi-conductor and telecommunications sectors.

The strategy served our shareholders well in the year under review, and we believe it will continue to do so.

To find out more about Britain's best-performing investment trust over ten years, please return the coupon to request a copy of the latest annual report.

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For Lucy Fountain, Client Services Department, GT Management PLC, FREEPOST, London EC2B 2DL. Telephone: 071 283 2575. Please send me a copy of the latest GT Japan Investment Trust annual report and details of the GT Savings and Investment Plan.

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POSTCODE _____

This advertisement has been issued by GT Japan Investment Trust plc and has been approved by GT Management PLC, a member of IMA.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Current dividend	Total for year	Total last year
Antelope Int	6	Dec 7	6	-	17
Brant Chemicals Int	1.5	Nov 25	1.4	-	6.5
Cambridge Water Int	38	-	-	-	-
China & Eastern Int	24	-	3	2	3
Comwell Parker Int	3.9	Nov 3	3.8	0.5	5.2
GT Japan Inv Trst Int	0.75	Nov 9	0.75	1.4	1.3
Hays Int	2.35	Nov 30	1.9	3.5	3.8
Iron Int	1	-	-	-	-
Jova Int	2.45	-	3.45	-	7.85
Lamont Int	3.5	Dec 3	3.25	-	11.25
Lloyd Thompson Int	5.2	Nov 25	2.3	7.5	6
M&A Int	2.5	Nov 25	3.5	6	4.5
M&A Int	2.5	Oct 28	0.57	-	3.45
Norfolk Int	4.47	Oct 19	4.47	-	11.47
Polypipe Int	2.4	Nov 9	2.08	3.5	3
Rutland Trust Int	0.27	Nov 25	0.27	-	0.5
Schroders Int	2.77	Nov 8	3.5	5.12	4.65
Sheldoe Jones Int	54	Nov 29	4.75	-	13.75
Sheelley Int	4	Nov 2	4	-	6.2
Waterman Part Int	4	-	-	-	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡SUSM stock. §For 13 months. *US cents. *Scrip option. †Irish pence. ‡Includes special of 0.25p (0.5p).

Schroders

Interim Statement

24th September, 1990

The Directors of Schroders Public Limited Company have resolved to pay an interim dividend for the year ending 31st December, 1990 of 4p per share on the Ordinary Shares of £1 each and on the non-voting Ordinary Shares of £1 each.

This interim dividend takes account both of the capitalisation issue made in May 1990 (which on a strict scaling down to an equivalent basis would have reduced last year's interim dividend of 6p per share to a dividend of 3p per share) and of the Directors' expressed intention as forecast in their report issued with the accounts in April last to reduce the disparity in size between the interim and final dividends. It does not of itself imply an increase in the total sum to be distributed by way of dividend in respect of 1990.

The dividend will be payable on 8th November, 1990 to shareholders whose names appear in the Register of Members of the Company as at 18th October, 1990.

The profit of the Schroder Group for the six months of 1990, a period when conditions were more favourable than at present, was similar in amount to that for the first half of the previous year.

120 Cheapside, London EC2V 6DS

New issue This announcement appears as a matter of record only. September 25, 1990

KAUFHOF FINANCE B.V.

Amsterdam, The Netherlands

DM 100,000,000

Deutsche Mark Floating Rate Notes of 1990/1997

unconditionally and irrevocably guaranteed by

KAUFHOF

HOLDING AG

Cologne, Federal Republic of Germany

Issue Price: 100% Interest: from September 25, 1990 until September 24, 1992 the difference between 27.525% p.a. and two times the respective DM 3-months LIBOR; from September 25, 1992 the difference between 24% p.a. and two times the respective DM 3-months LIBOR, payable quarterly in arrears on each payment date falling in March, June, September and December. Final maturity: in September 1997 at par. Denominations: DM 10,000 and DM 250,000. Security: unconditional and irrevocable guarantee of Kaufhof Holding AG, Cologne, Federal Republic of Germany, Negative Pledge Undertaking of the Issuer and the Guarantor. Listing: Frankfurt Stock Exchange

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THE LEGAL PROFESSION

The Financial Times proposes to publish this survey on: **OCTOBER 19th 1990**

For a full editorial synopsis and advertisement details, please contact:

Anthony Carbone
on 071-873 3412
or write to him at:

Number One
Southwark Bridge
London SE1 9HL

Interest payable on 21st March, 1991 will amount to £8,120.21 on each £100,000 NOM.

Chartered WestLB Limited Agent Bank

FINANCIAL TIMES
LONDON'S BUSINESS & FINANCE NEWSPAPER

NATIONAL BANK OF CANADA

(A chartered bank governed by the Bank Act of Canada)

US\$ 150,000,000

Floating Rate Debentures, Series 7, due 1998

In accordance with the description of the Series 7 Debentures, notice is hereby given that for the six month interest period from September 21, 1990 to March 21, 1991 the Series 7 Debentures will carry an interest rate of 5.3125% per annum. The Coupon amount payable on Series 7 Debentures of US\$ 25,000 will be US\$ 1,044.84

The Reference Agent

KREDIETBANK
S.A. LUXEMBOURG



Barclays Bank PLC

(Incorporated with limited liability in England)

**Renewed offer to exchange
up to U.S.\$405,970,000 Junior Guaranteed Undated
Floating Rate Notes issued in November 1984
of Barclays Overseas Investment Company B.V.**

**for
up to U.S.\$405,970,000 Undated Floating Rate Primary Capital
Notes Series 2 of Barclays Bank PLC
plus an initial Exchange Fee of U.S.\$300
per U.S.\$10,000 principal amount exchanged**

The purpose of the Renewed Exchange Offer is to replace the Notes of Barclays Overseas Investment Company B.V. ("BOIC Notes") of Barclays Bank PLC which will be regarded as primary perpetual subordinated debt in accordance with the Bank of England's current requirements in relation to the capital of United Kingdom banks.

Barclays Bank PLC offers to make the exchange on the following basis:

For every U.S.\$10,000 principal amount of Junior Guaranteed Undated Floating Rate Notes of Barclays Overseas Investment Company B.V. plus an initial Exchange Fee of U.S.\$300.

This Notice is published, as required by the terms and conditions of the outstanding U.S.\$405,970,000 Junior Guaranteed Undated Floating Rate Notes of Barclays Overseas Investment Company B.V. ("BOIC Notes"), in connection with the renewed offer (the "Renewed Exchange Offer") by Barclays Bank PLC ("Barclays Bank") to exchange the BOIC Notes for:

- a further issue of up to U.S.\$405,970,000 Undated Floating Rate Primary Capital Notes Series 2 (the "Primary Capital Notes") of Barclays Bank PLC;
- an initial Exchange Fee of U.S.\$300 per U.S.\$10,000 principal amount of BOIC Notes exchanged.

The Primary Capital Notes issued under the Renewed Exchange Offer will form a single series with the existing U.S.\$754,030,000 Undated Floating Rate Primary Capital Notes Series 2 of Barclays Bank PLC. The exchange of BOIC Notes for Primary Capital Notes may take place on any business day from and including 12th September, 1990 to and including 31st January, 1991 (the "Exchange Period") and from and including 14th March, 1991 to and including 11th September, 1991 (the "Fourth Exchange Period") (subject always to the right of Barclays Bank, upon giving one clear business day's notice, to terminate either the Exchange Period or, as the case may be, the Fourth Exchange Period earlier than the date specified in the Renewed Exchange Offer at any time).

Advisers to the Renewed Exchange Offer:

Kidder, Peabody International Limited
Brokers to the Renewed Exchange Offer:
de Zoete & Bevan Limited

Copies of the Offering Circular can also be obtained from:

Kidder, Peabody International Limited
107 Cheapside
London EC2N 6DQ

Barclays de Zoete Wadd Limited
Elgin House, 2 Street Lane
London EC2M 3TS

The Primary Capital Notes have been accepted for clearance on issue through CEDEL (reference no. 272378) and through Euroclear (reference no. 99477).

The value of both the BOIC Notes and the Primary Capital Notes can go down as well as up and may be affected by movements in interest and currency exchange rates.

Barclays Bank PLC is a member of BIRC.

25th September, 1990

UK COMPANY NEWS

France and Spain help Steetley limit fall

By Andrew Taylor, Construction Correspondent

STEETLEY, the building materials group, managed to escape the sharp fall in profits which has hit many British construction materials companies during the first six months of this year.

The group's yesterday revealed that pre-tax profits in the six months to June 30 fell by only 3.5 per cent from £50.8m to £49.1m. Interest charges quadrupled from £2m to £8m.

Results would have been far worse but for a doubling of profits in France and Spain where Steetley has invested heavily during the past five years.

Earnings per share were 10 per cent lower at 19.5p. Group turnover increased by 16 per cent to £274.1m.

Steetley is the largest aggregates producer in France which accounted for 26 per cent of operating profits. Overseas activities provided half of group profits.

UK profits, in line with results announced recently by other building materials producers, fell sharply from £36.57m to £28.44m. Sales of bricks by Steetley in the UK fell by 15 per cent. Aggregate sales fell by 6 per cent.

Mr Richard Miles, managing director, warned that the second half could be more difficult. He said sales of building materials in the UK had worsened since July as the recession in housebuilding had spread to other areas of construction.

Profits from France however rose from £7.2m to £14.6m and in Spain from £2.8m to £5.7m.



David Dunn, chairman (right) and Richard Miles

The figures from both countries included first-time contributions from several new acquisitions.

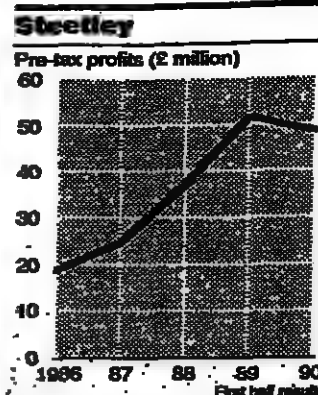
Mr Miles said, excluding the impact of acquisitions, profits were up by 10 per cent in France and by 15 per cent in Spain.

Profits from north America rose from £5m to £7m despite a poor market for bricks in the US where house sales in parts

of the north east have fallen even further than in the UK.

Group debt as a result of recent acquisitions had risen from about £90m at the end of last year to approaching £170m at the end of the year. Gearing had risen from about 27 per cent to just under 45 per cent. This was expected to fall to 40 per cent by the end of the year.

Steetley has one of the best



mix of businesses of any UK building materials company other than Redland and RMC, which have large investments in Germany.

Europe's most active construction market, Redland's half year results due to be published on Thursday are expected to underline the strength of the German market. Steetley may not be in Germany but it is doing very good business in France and Spain. France may come off the boil a little over the next 18 months but is still expected to outperform a disastrous UK construction market. Government plans to increase substantially investment in rail and roads will assist French aggregate sales. Investment in Spanish infrastructure, currently rising at about 20 per cent a year is also expected to remain high. Steetley should continue to perform better than most a factor partly reflected in a price of 325p, up 1p on a day when other UK stocks fell sharply. Profits of about £100m this year (£110.93m) would put the group on a prospective p/e of about 8.5.

Lloyd Thompson climbs 30%

By Richard Lapper

LOYD Thompson, the wholesale insurance and reinsurance broker, yesterday announced a 30.4 per cent increase in pre-tax profits for the year ending June 30. Pre-tax profits amounted to £28.3m, compared with £21.7m a year ago.

The performance, which was at the top end of analysts' expectations, confirms Lloyd Thompson's reputation as one of the most dynamic medium-sized London market brokers. The company proposed a final dividend of 5.2p per share net, making a total of 7.5p net for the year, an increase of 25 per cent.

Mr Peter Carter, chief executive, said Lloyd Thompson has been able to win new business and retain more than 90 per cent of existing business. In spite of patchy trading condi-

tions, brokerage income increased strongly from £15m to £21.6m, an increase of 44 per cent.

Lloyd Thompson's marine business, which accounts for more than 50 per cent of total brokerage, performed well, buoyed by gradual hardening of marine insurance rates, especially in the energy sector.

Total marine brokerage income rose from £8.5m to £11.3m. Market conditions are not encouraging in the non-marine (property, casualty and international business) market, but Lloyd Thompson increased brokerage income from this source to £2.8m (£2m last year).

Brokerage earned by the group's reinsurance, political and financial risks business amounted to £6.7m, accounting

for 31 per cent of total brokerage income. Hardening of rates in the specialist marine London Market Excess area has helped push up revenues here. Higher US and UK interest rates helped increase investment income to £4.7m.

Expenses rose sharply from £11.8m to £17.9m, as a result of the general expansion in business and the costs of fitting out new offices at Beaufort House.

However, Mr Peter Lloyd, chairman, said: "We remain determined to prevent any long-term deterioration in our expense ratio."

Lloyd Thompson has acquired sufficient space for immediate future growth at the Beaufort House location, where rental costs per square foot are lower than at the previous office.

GrandMet may go to court over William Hill

By Maggie Urry

GRAND METROPOLITAN, the drinks, food and leisure group, is likely to take legal action if it does not receive the £50m final payment due today on its £68m sale of the William Hill betting shop chain to Brent Walker, the heavily-indebted leisure group.

Brent Walker said yesterday that the payment would not be made. "The cheque is not in the post," it said.

Brent Walker shares had a turbulent day yesterday initially rising, then falling, and finally recovering to close a net 1p down at 119p.

The group has disputed the price of William Hill, which was acquired through an off-balance sheet vehicle, and is seeking to reclaim £16m from GrandMet saying that profits

of William Hill for the year to and September 1989 were less than originally stated.

Independent auditors yesterday began discussions intended to resolve the dispute, which is expected to go to an independent arbitrator.

Brent Walker hopes to announce the names of two new non-executive directors when it releases interim results on Thursday. One of these could be Lord Kindersley, a director of Lazard's, the merchant bank, who met Brent Walker directors yesterday and will again today.

The group denied rumours that it had already planned an equity issue, though it said that after the results are published it would be looking at its financing structure.

S & N buys more of Center Parcs

Scottish & Newcastle Breweries has bought a further 10 per cent of the fully-diluted share capital of Center Parcs, to bring its total holding to 70 per cent.

S & N, which acquired 60 per cent last year, said last week that it was preparing a £180m cash offer for the outstanding share capital. The board of Center Parcs, which operates 13 holiday villages in the Netherlands, Belgium, France and the UK, is supporting the deal.

Storm expands in US

By Paul Cheswright, Midlands Correspondent

STORM, the Stourbridge company which created the Shoe People cartoons, is expanding in the US publishing market with its first acquisition since it was floated on the USM in December 1989.

It is buying outright A4 Publications and 70 per cent of A4 Publications USA, a publisher of directories and newsletters for the licensing industry. Total initial payment is

£12,000 in a mixture of cash and shares.

In a further development, Storm is investing £100,000 in a new company called "Storm Education".

This will be a 50-50 joint venture with Ms Carol Vorderman, a presenter of children's television programmes. The new company will publish videos and textbooks linked to the National Curriculum for 11-16 year olds.

Rutland shares hit on profit decline

By Maggie Urry

SHARES IN Rutland Trust, the financial services group, fell from 19p to 11p yesterday as it announced lower interim profits and took a cautious view of the near-term future.

Pre-tax profits for the six months to end June fell 11 per cent to £6.6m (£7.42m), and after the new stockholders cut their full year forecasts.

Mr Michael Langdon, chief executive, said the group had taken a prudent view. It was maintaining its interim dividend of 0.27p, though this was well covered by earnings per share of 1.8p, down 11 per cent from 2.0p.

Mr Langdon said that many of the group's customers were medium-sized businesses which were feeling the economic squeeze at present. However, he said the group had net cash of more than £2m.

Rutland was discussing plans with SFP, the Swedish insurance group which holds a 36 per cent stake, to develop

activities together. These might be in Europe, Mr Langdon said. However, the two were not talking about a takeover of Rutland.

Group turnover rose 66 per cent to £75.6m. The acquisition of Leasecontracts, a car contract hire business, at the end of last year meant there was a fall in interest receivable but this was more than offset by its profit contribution.

Profits from corporate finance, insurance broking and architectural surveying fell, while the Technology group, an equipment financing business, made no money and had been reduced in size. Ellis & Buckle, a loss adjuster, increased profits.

The divisional profit contributions were: head office (including interest receivable) and corporate finance £207,000 (£2.2m); insurance broking and personal financial services £1.7m (£1.5m); asset financing £1.9m (£1.3m); professional services £2.3m (£2.1m).

BOARD MEETINGS

Company	Date
Adi & Lutz	Oct. 2
BP	Oct. 3
British Ship Corp	Oct. 3
British Steel	Oct. 3
Clifford Chance	Oct. 1
Crested Property	Oct. 2
East (Japan)	Oct. 2
James (US)	Oct. 11
Leo	Oct. 2
Talco	Oct. 2
United Lenders	Oct. 2
Ches Bank	Oct. 2
Goldcorp	Oct. 4
Photo-Int	Oct. 1
Sales Inc	Oct. 2
Shropshire (US)	Oct. 2
Transportation Trust	Oct. 2

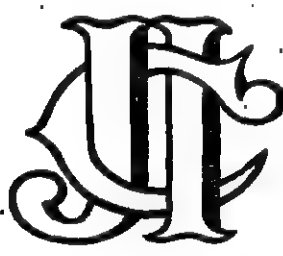
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Oct. 24/25/26/27 -46
Oct. 24/25/26/27 -48
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PILGRIM FOOD GROUP LIMITED
has acquired, in a 'management buy-out' CHAUCER FOODS LIMITED the UK's leading croton manufacturer.
The undersigned initiated the transaction and acted for the management in negotiations with the vendor and institutional investors.
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To Holders of Warrants to Bearer
ORDINARY SHARES OF 10p EACH
NOTICE IS HEREBY GIVEN that a dividend of 6.00p per Share will be paid on the 17th December 1990 in respect of the year ending 31 December 1990. Payment of this dividend will be made after presentation of Coupon No. 82 at any of the undersigned offices of payment.
NOTICE OF CUMULATIVE PREFERENCE
NOTICE IS HEREBY GIVEN that a dividend of 1.75p per Share will be paid on the 2nd January 1991 in respect of the half-year ending 31 December 1990. Payment of this dividend will be made after presentation of Coupon No. 87 at any of the undersigned offices of payment.
OFFICES OF PAYMENT
The RTZ Corporation PLC
Registered Office:
8 St. James's Square
London SW1Y 4LD
Geneva de Banque
5 Boulevard de la Paix
1200 Geneva, Switzerland
Banque Internationale à Luxembourg S.A.
2 Boulevard Royal, Luxembourg
Banque de Commerce
1000 Brussels, Belgium
Banque Paribas de Luxembourg S.A.
14 Rue d'Alger
Luxembourg
Société Générale de Belgique
1000 Brussels, Belgium
Under the Corporation Tax system in force in the United Kingdom those dividends will be payable without deduction of United Kingdom tax and for Shareholders resident in the UK (or elsewhere) who are entitled to a tax credit by reference to the basic rate of income tax applicable in the United Kingdom will obtain a tax credit, against which some United Kingdom tax may be set off.
Coupons, which must be dated on special forms, which can be obtained on or after 15 November 1990. Coupons presented for payment in the United Kingdom must be left FIVE CLEAR DAYS for verification.
Shareholders should note that under the Company's Articles of Association, provision is made for the forfeiture of the above dividends if not claimed within 12 years from the date of declaration.
By order of the Board
R. S. WICKLEY
Secretary
16 September 1990



Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa - Reg. No. 01/00428/06)

Extracts from Chairman Patrick Retief's Review

Results
The Johnnies Group achieved satisfactory results for the year to 30 June 1990 in an environment that was less favourable than that of the previous several years. Earnings attributable to shareholders increased by 18.2% to R429.6 million.

Platinum
The Group platinum producers' financial strength, strong marketing position, extensive reserves and low-cost expansion opportunities equip it well to maintain its industry leadership.

Gold
Income from gold mining investments declined sharply owing to the combined effects of a persistently weak gold price, in both dollar and rand terms, and rapidly escalating costs.

Ferrochrome
The recently-announced acquisition of Purity Ferrochrome by Consolidated Metallurgical Industries will significantly increase the Group's participation in this growing market.

Coal
Tavistock is well placed to take advantage of any market growth, a position that will be further consolidated once the recently-announced R531 million opencast extension of Arthur-Taylor Colliery is commissioned early in 1992.

Industrial
The Group's non-managed industrial interests continued to perform well during the year under review. However, the outlook for the coming year is more subdued as private consumption expenditure comes under pressure from the monetary squeeze.

Outlook
For the Group as a whole, it has been a difficult year. But, I wish to emphasise Johnnies' continuing commitment to our core areas of business. The most tangible token of this commitment is the heavy investment programme currently under way. This programme includes major expansions in Rustenburg, Lebowa, C.M.I. and Tavistock, as well as substantial expenditure on the exploration for new mineral deposits.

In the face of external and internal uncertainties, it is not possible at this early stage to make a meaningful forecast of the Group's performance for the current financial year.

The Annual General Meeting will be held in Johannesburg on 24th October 1990. Copies of the Annual Report are available from the London Secretaries, Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.

Handwritten note: 10/10/90

UK COMPANY NEWS

Packaging and graphics side lifts Brent

By Jane Fuller

BRENT Chemicals International, the speciality chemicals group, increased its pre-tax profit by 11.5 per cent, from \$6.11m to \$6.81m, in the first half of 1990.

A strong performance from the packaging and graphic arts division, plus \$1.03m of interest income, offset the contributions lost through business disposals.

Turnover rose by more than 7 per cent to \$45.11m (\$42.06m), while operating profit fell slightly to \$5.78m (\$5.9m). Interest received shot up by \$20,000.

At the turn of the year the group sold off its automotive and food and beverage-related businesses. This helped it to build up \$28m cash, falling to \$17m by June following acquisitions.

The operating profit from discontinued operations was \$1.3m last time, about \$1m more than the residual figure in yesterday's results.

Mr Steve Cuthbert, chief executive, said the continuing activities had increased operating profit by 15 per cent, the majority coming through acquisitions.

Brent's biggest business group comprises industrial, aerospace and electronics, which between them made \$4.31m (\$4.02m) operating profit on sales of \$29.08m (\$26.23m).

Mr Cuthbert said not all the turnover increase had come through as profit because it had been partly associated with building up continental sales and technical resources.

The industrial side showed the slowest rate of sales growth, affected by slacker demand from UK metal finishing customers.

Aerospace was the most buoyant, while electronics had increased share in static US and UK markets.

In the packaging and graphic arts group, operating profit increased by more than 50 per cent to \$1.71m (\$1.13m) on sales of \$16.03m (\$9.07m). Organic growth was 30 per cent, he said.

More pre-press business had been gained from supermarket chains, while packaging inks and coatings had seen particularly strong growth in West Germany.

Earnings per share improved

by 15 per cent to 7p (5.1p).

The interim dividend goes up to 1.5p (1.4p).

COMMENT

Brent's spread in terms of customers and geography has helped to make it relatively resilient to recession in the UK, although its degree of comfort is partly thanks to its cash pile. The packaging and graphic arts side has bounced back after a difficult year in time to offset some weakness elsewhere.

In the industrial area, which accounted for 28 per cent of sales, the UK outlook remains discouraging and it is to be hoped the continental sales effort can provide more of a cushion. Its electronics-oriented operation also faces continued uphill work in the UK, although tentative noises have been made about an improvement in the US.

Pre-tax profit is forecast to rise from \$12.5m to \$14m, giving a prospective p/e of about 9.5 on yesterday's closing price of 137p. A strong balance sheet helps to justify its premium to a sector which has seen several worse sets of results.



Steve Cuthbert: continuing activities up 17 per cent

Schroders little changed at midterm

By David Lascelles, Banking Editor

SCHRODERS, the merchant banking group, said yesterday that its profits in the first six months of this year were similar to those in the first half of last year.

As is customary, the bank gave no details. For last year as a whole, Schroders reported a 55 per cent increase to \$47m in profits after tax and transfers to loan reserves. However, the group also said that conditions had deteriorated since the half-way point of this year.

Schroders' main sources of income are corporate finance and asset management, both of which have been affected by the drop in merger activity and the fall in world stock markets. But Mr Win Bischoff, chief executive, said that he was pleased with the first half because it had not been as bad as might have been expected.

Although there have not been any mega-deals, Schroders is involved in the electricity privatisation, and is advising east European governments on the sale of state-owned enterprises.

The interim dividend is lifted from 5p to 4p, but this takes account of Schroders' intention to reduce the disparity in size between the interim and final dividend, and does not necessarily mean that the total pay-out for 1990 will be raised.

Metalrax improves 3% to £3.26m

Metalrax Group, the engineering specialist, increased pre-tax profits by nearly 5 per cent to £3.26m, in the first half of 1990.

Mr John Wardle, chairman, said the group was very busy and the third quarter looked good. "I view the second half and the year as a whole with modest confidence," he stated.

Turnover rose 6 per cent to £31.43m (£29.64m). The interim dividend is raised from 0.87p to 1p at a cost of £588,000 (£510,000), and does not stretch our resources". Earnings per share were 3.51p (3.51p).

Macallan improves 42% to £3.2m

Macallan-Glenlivet, the malt whisky distiller, saw taxable profits increase 42 per cent in the first half of 1990.

Turnover was 26 per cent higher at \$7.65m (\$6.1m) for profits of \$3.24m (\$2.28m).

The company said that there had been a higher demand for new fillings and continued growth in sales of the Macallan malt, margins on which had increased due to higher prices.

The interim dividend is increased to 0.4p (0.35p) from earnings per share of 4.69p (3.12p).

JW Spear interim loss eases to £0.85m

JW Spear & Sons, a maker of games and toys, reported a small reduction in first-half losses from \$292,000 to \$260,000 pre-tax.

Turnover for period to June 29 1990 rose 29 per cent to \$7m. Directors emphasised however, that because most of the group's sales occur in the run-up to Christmas, the half year's results give no more than a pointer to the year's outcome.

Pre-tax results were after making net stock provisions for slow moving merchandise of \$133,000.

Interest payments increased from \$126,000 to \$157,000. After tax credits of \$300,000 (\$335,000) the fully diluted loss per share came to 10.31p (10.34p).

Westpool Inv Trust declines to £3.88m

Taxable profits at Westpool Investment Trust fell 25 per cent to £3.88m in the year to March 31, from £5.25m in the previous 12-month period.

Dividends from London Merchant Securities, the principal subsidiary, rose from £3.2m to £3.97m. Westpool said that its share of the LMS final dividend for the year to March 31, 1990 was £4.57m, this would be reflected in its 1990-91 results.

Interest receivable in the period under review dropped to £25,000 (£21,000).

A dividend of 1.85p (1.65p) is recommended for the year. Earnings per share came through at 2.56p (3.78p) basic and 2.85p (3.21p) fully diluted.

Waterman hit by delayed projects

The delay in a small number of significant projects affected Waterman Partnership in the year ended June 30 1990 with a resultant drop in profits.

This consulting civil and structural engineer felt the biggest impact in the last quarter, and saw the year's pre-tax profits decline from \$5.2m to \$3.44m, after being held at \$3.4m in the opening six months.

However, as the group had a strong balance sheet and was reducing operating costs in line with the expected level of business, the final dividend is again 4p, which lifts the total to 6.2p (6p). Turnover rose to £16.43m (£14.97m) and earnings fell to 11.4p (18.8p).

NEWS DIGEST

(£123,000); property \$330,000 (\$297,000); less central expenses \$214,000 (£165,000).

Insitech moves ahead strongly

Including a first time contribution from Doryhurst Group, Dublin-based Insitech made pre-tax profits of \$2.32m (\$2.68m) in the half year ended June 30 1990.

That compared with \$1.65m for the six months ended September 30 1989, and was generated from turnover of \$15.15m (£10.94m). Earnings came to 20.1p (12.5p) excluding the charge for goodwill.

The group makes disposable products, mainly tissue and paper-based, and polystyrene packaging products.

Aberdeen Petroleum doubles profits

A 25 per cent increase in revenue from oil and gas helped Aberdeen Petroleum double taxable profits from \$18,000 to \$24,000 for the six months to June 30.

Sales totalled \$1.53m (£1.28m), with contributions from two producing properties recently acquired by the group, one in North Dakota. Oil output for the USM-quoted group now exceeds 500 barrels a day for the first time.

Operating and related costs rose to \$493,000 (\$319,000), depletion came to \$316,000

(£235,000) and interest and other charges took \$44,000 (\$54,000). Again there was no tax.

Earnings per share rose to 0.5p (0.2p).

Edinburgh Fund expands 20%

In the half year ended July 31, Edinburgh Fund managers increased pre-tax profits by 20 per cent, from £2.12m to £2.55m.

After a lower tax charge, net profit was ahead 35 per cent at £1.77m, for earnings of 9.6p (7.2p) per share. The interim dividend is stepped up to 4.5p (4.2p).

At July 31 funds under management totalled £1.59m. Discretionary represented 71 per cent, unit trusts 15 per cent, and investment trusts 13 per cent.

Compared with the end of January, the UK accounted for 56 per cent (54 per cent) of the portfolio, North America 14 per cent (15 per cent), Pacific 13 per cent (10 per cent), Japan 9 per cent (15 per cent) and Europe 8 per cent (6 per cent).

\$2.6m at halfway from Global Group

Global Group, the USM-quoted shipping services, food and property combine, produced pre-tax profits of \$2.6m in the first half of 1990. The results included EIC Group, acquired last December.

There is no interim dividend; but the group was well on the way to eliminating the deficit on the profit and loss account, and when that was achieved dividends would be resumed.

The profit was generated from turnover of \$28.23m. That compared with \$26.57m and a pre-tax profit of \$519,000 in the seven months ended December 31 1989.

Berry Birch rises but again omits dividend

Berry Birch & Noble, the USM-quoted financial planning company, lifted pre-tax profits from \$203,436 to \$283,461 in the half-year to July 31.

However, the company said it was not able to pay a dividend due to the current accumulated reserve position, but hoped to resume payments as soon as possible.

Operating profits rose some \$100,000 to \$284,106, but income from investments fell to \$2,045 (£15,863) and interest receivable to \$5,230 (£49,780).

There was an extraordinary debit of \$32,492, representing further costs relating to the withdrawal from micro-electronics.

Earnings improved to 2.8p (2p) per share.

Ibex just stays in the black

Ibex Holdings only just broke even in first half of 1990 and is cutting its interim dividend from 1.5p to 1p.

The USM-quoted group made a pre-tax profit of \$7,000, against \$1.09m in the corresponding period. And earnings emerged as nil, compared with 5.7p.

Austin Benn, the recruitment agency, experienced a drop of 28 per cent in placements in the period, whereas ABC Contract Services increased turnover and operating profit.

Group profit comprised \$97,000 from continuing activities, less \$280,000 loss from discontinued activities.

36% improvement at Fortnum & Mason

Fortnum & Mason, the Piccadilly department store, raised pre-tax profits by 36 per cent from £136,000 to £185,000 in the 26 weeks to August 11. Sales increased 19 per cent from

Interest income aids Lamont

IN SPITE of a \$285,000 trading loss from recently acquired Bonded Fibre Fabric, Lamont Holdings, the textile group with interests in computing, product engineering and property, lifted pre-tax profits by 2 per cent to \$5.02m in the half year ended June 30.

Sir Desmond Lorimer, chairman, said a strong pound and a weak market resulted in pressure on margins with no bene-

fit from improved sales, up from \$43.15m to \$52.4m including some \$5m from BFF.

He said interest income rose to \$709,000 (\$454,000) and helped to maintain profitability.

However, margins would be reduced after investing \$10m in BFF, and until the \$12m proceeds of the property disposal was received.

Earnings per share slipped to 13.79p (14.2p) but the interim dividend is increased to 3.5p (3.25p).

A break-down of the trading profit showed: carpets \$1.98m (£1.97m); other textiles \$1.57m (£1.62m); computing \$512,000 (\$292,000); engineering \$138,000

NOTICE OF OPTIONAL REDEMPTION

STATE BANK OF INDIA

USD 100,000,000 FLOATING RATE NOTES DUE 1997

Notice is hereby given, in accordance with the Conditions of the Notes, that the Bank will, at the option of the holder of any Note redeem such Note at its principal amount on the Interest Payment Date falling on 24th December 1990.

To exercise such option the holder must deposit such Note, together with all Coupons outstanding thereon, maturing after such Interest Payment Date, at the office of the Fiscal Agents at 25 Montague Street, London EC3R 8BQ not earlier than 25th October 1990 nor later than 23rd November 1990. Any Note or Coupon may not be withdrawn without the prior written consent of the Bank.

Interest due on 24th December 1990 will be paid in the usual manner, against presentation of Coupon No. 10.

Fiscal Agents: Lloyds Bank

Notice to Debenture Holders

6% Convertible Subordinated Debentures Due 2002

of ENSERCH Corporation

ENSERCH Corporation previously announced the consummation of the sale of its oil field services business to Pool Energy Services Co. ("Pool Energy"), a Texas corporation. In connection with the transaction, ENSERCH acquired 2,000,000 shares of the common stock of Pool ("Pool Common Stock"). At the time these shares were acquired, the Board of Directors of ENSERCH stated its irrevocable intent to cause these shares to be distributed pro rata as a special dividend to the shareholders of ENSERCH at some time in the future.

A special dividend consisting of the 2,000,000 shares of Pool Common Stock has now been declared. It will be distributed pro rata on November 15, 1990, or as soon thereafter as is practicable, to shareholders of record on October 10, 1990.

Pool Common Stock is traded on the NASDAQ National Market System of the National Association of Securities Dealers Automated Quotation System ("NASDAQ"). On September 20, 1990, the closing price of Pool Common Stock on the NASDAQ was \$17 1/4. The approximate distribution ratio will be one share of Pool Common Stock for each 32.4 shares of ENSERCH common stock held of record.

The Pool Common Stock will be distributed only to holders of record of ENSERCH common stock. Debenture holders may participate in the special dividend only if their Debentures have been converted into shares of ENSERCH common stock prior to the record date.

Under the terms of the Fiscal Agency Agreement, the Debenture's current conversion price may be adjusted to reflect the distribution of the Pool Common Stock. The adjustment would be calculated according to a formula in the Fiscal Agency Agreement. No adjustment in the conversion price is required unless the adjustment would increase or decrease the conversion price by at least 1%. If the adjustment would be less than 1% of the conversion price, then it would be carried forward, along with any subsequent adjustments, until the amount equals 1%. If any adjustment of at least 1% of the conversion price is required, notice of the adjusted price will be given as is required by the Fiscal Agency Agreement.

This notice is being given for the sole purpose of satisfying the requirements of Section 14(j) of the Fiscal Agency Agreement pursuant to which the captioned Debentures were issued.

ENSERCH Corporation

Dated September 25, 1990

This announcement appears as a matter of record only.



BRASOIL U.K. LTD.

US \$25,000,000

CREDIT FACILITY

arranged and provided by



BANK OF SCOTLAND
INTERNATIONAL DIVISION



LLOYD THOMPSON

Lloyd Thompson Group plc
Wholesale Insurance and
Reinsurance Brokers

Preliminary Results

FOR THE YEAR ENDED 30TH JUNE 1990

	£,000	
TURNOVER	21,597	+44%
PROFIT BEFORE TAXATION	5,351	+30%
DILUTED EARNINGS PER SHARE	15.8 p	+17%
DIVIDEND	7.50 p	+25%

For a copy of the 1990 Annual Report please contact:

The Secretary, Beaufort House
15 St. Botolph Street, London EC3A 7LT
Telephone 071 247 2345

Metalrax Group PLC

Broad spectrum engineering specialists

Record interim results

Six months to 30 June (unaudited)

	1990	1989
Turnover	£200's 31,425	£200's 29,643
Group profit before taxation	3,284	3,174
Dividends	588	510
Earnings per share	3.81p	3.51p

"I view the second half and the year as a whole with modest confidence".

John Wardle Chairman

Interim report: The Secretary, Metalrax Group PLC,
Ardath Road, Kings Norton, Birmingham B38 8PN
Telephone: 021-433 3444

This announcement appears as a matter of record only.



South Wales
ELECTRICITY
Trydan De Cymru

\$220,000,000

Revolving Credit Facility

Arranged by

Midland Montagu

Underwriters and Lead Managers

Canadian Imperial Bank of Commerce

Deutsche Bank Aktiengesellschaft

The Fuji Bank, Limited

London Branch

Société Générale

Midland Bank plc

The Sumitomo Bank, Limited

Head Office

Managers

Bayerische Landesbank Girozentrale

The Dai-ichi Kangyo Bank, Limited

London Branch

Participants

The Mitsubishi Trust and Banking Corporation

Amsterdam-Rotterdam Bank N.V.

Don Damsa Bank Aktieselskabet

Bank of Wales PLC

Agent Bank

Samuel Montagu & Co. Limited

Managers

Participants

Managers

Participants

Managers

Participants

Managers

Participants

Managers

Participants

Managers

Participants

Managers

Participants

Managers

Participants

Managers

Participants

Managers

Participants

PRIVATE BANKING

The Financial Times proposes to publish a Survey on the above on

26 October 1990

For a full editorial synopsis and advertisement details, please contact:

Robert Forrester

on 071-873 3206

or write to him at:

Number One, Southwark Bridge

London SE1 9HL.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

MANAGEMENT: The Growing Business

Buying to make a profit

Selling is quite rightly one of the top priorities of smaller companies. But this does not mean that the owner or manager can afford to neglect the other side of the coin - purchasing.

Along with subjects such as design and quality management, purchasing is expected to be a key management issue in the 1990s, according to John Kelly, author of *Purchasing for Profit*, a recent addition to the *Small Business Bookshelf*.

Price should be the last consideration for the purchasing manager, Kelly suggests. First priority should go to good quality which should allow the purchaser to reduce wastage. Other important points are quantity - if the supplier can only deliver in small quantities handling costs will increase - the ability of the supplier to time deliveries to suit the purchaser and the choice of a reliable supplier.

Apart from the cost of the goods being bought the purchasing process itself involves expense. Management, administration and secretarial time will be taken up preparing specifications for non-standard items, finding and investigating potential suppliers and samples may need to be tested.

The purchaser will have to weigh up whether to buy in large quantities or to spread out deliveries. Bulk ordering, for example, guarantees supplies, once delivered, the items can be drawn from stock. One large order requires less paperwork than many small ones and big volumes can usually be bought at discounts.

The disadvantages of bulk buying are that extra storage space may be required and should be properly costed on the basis of the rent and rates which have to be paid. A single large purchase will also tie up a lot of capital if it is paid for in one instalment.

Among other topics considered in the book are how to estimate quantities; deciding whether to buy or manufacture an item; selecting new suppliers and how to write out tenders.

118 pages £8.95 Pitman.

CB

Honeytop Foods turns out pitta, chapatti, tortillas and a range of other ethnic breads from its two bakeries in Hackney, East London and Leicester. While both these areas have large ethnic minority communities William Eid and his fellow directors have never seen their markets as restricted to any particular ethnic group.

"Our objective from the start was to become a supplier to the large supermarket chains because that is where the buying power is concentrated," says Eid, whose origins are Lebanese though the family lived for long time in Ghana.

The decision to go for the big supermarket chains imposed an enormous burden on the company's finances - heavy demands were put on the family savings - in its early years as it struggled to develop a range which was broad enough to meet the buyers' needs. "We had to develop a wide range of products to persuade the supermarkets to put us on their buying lists and to justify them sending a vehicle round," says Eid. It took five years before Honeytop began making a profit - in 1989.

Eid expects profits to continue to grow and with over of £1.5m and a staff of 35 Honeytop is now one of the leading companies in its field. Eid does not believe he encountered any racial prejudice in his efforts to build the business though his decision to keep investing in new machinery during the early years of losses did prompt his bank manager to ask if he really understood the British market.

But many other businesspeople from the ethnic minority communities complain that even if they do not suffer from overt discrimination they are often the victims of "stereotyping" which makes it more difficult for them to get started than for a white person.

The Lebanese and East African Asians tend to enjoy a positive "entrepreneurial" image while Afro-Caribbeans have a harder struggle. Tony Wade, managing director of Dyke & Dryden, a supplier of Afro hair preparations and cosmetics which has been established for 26 years, recalls visiting one company to discuss placing an order for its products.

In spite of asking to see the sales manager Wade was sent to see the works foreman. The foreman explained later that black people who came to the company were usually looking for a job in the factory.

Based in Tottenham, North

Breaking out of the ethnic boundaries

Black and Asian business people in the UK face constraints - but also growing opportunities, reports Charles Batchelor



Tony Wade: Planning to branch into the white market in the UK

London, Dyke & Dryden now employs 41 people and three years ago sold a majority stake in its equity to Soft Shown, a black-owned Chicago-based manufacturer of hair and skin products.

But even the positive images can rebound. "Bank managers sometimes assume that Asian businesspeople do not need a loan because they will be able to borrow from their families," comments Sarabjeet Soar, leader of the Ethnic Minority Business Initiative, a government-backed programme to help minorities. "Yet family loans can be very short-term and are no substitute for long-term finance for the growing, capital-intensive business."

Similarly, the large numbers of Asian retailers and Chinese restaurants condition attitudes to these two communities and mean it is difficult for Asian and Chinese businesspeople to gain acceptance when they attempt to break into other sectors.

Raising finance is a hurdle for most small businesses but it can prove a particularly high one for the ethnic minorities. "We find companies with a

turnover of £500,000 being refused overdrafts of £10,000," claims Simon Grossett, deputy chairman of Britain's Ethnic Minority Business Federation, a support group for black organisations representing 900 businesses. Bank managers often see black-owned businesses only in terms of start-ups and have difficulty taking their more sophisticated requirements seriously as they become established.

Local authorities, despite their claims to be helping their ethnic communities, often find it difficult to put these policies into practice. Coventry Council had made just one loan to an ethnic minority business over an 11-year period, says Soar, who until recently worked in the council's economic development unit. Over the past five years, however, following a more focused approach to inner city businesses, ethnic-owned businesses accounted for seven of the 11 loans made by the council.

One reason why ethnic minority businessmen run into problems is that they often lack commercial experience, says John Meredith, manager of the S.G. Warburg Enterprises

Fund, which helps growing small businesses - Honeytop Foods among them - in Hackney. Compared with the situation in US the numbers of blacks and Asians who have risen to middle management positions in large British companies is very small. Increasing numbers of second-generation immigrants are learning commercial and professional skills but it may take another generation before large numbers of them have the expertise needed to start up in business, comments Steve Bowen, of Fullempley Consultancy, a training organisation targeting the ethnic minorities.

Family-run businesses (ethnic and non-ethnic) find difficulty establishing a formal structure for handling their affairs. Informality can be a strength in the early stages of establishing a business but for the expanding company it can prove a liability. "They rely on kitchen table chin-wag rather than minutes board meetings," comments Sarabjeet Soar. "If a kid interrupts you may think you have told me something but I may not have heard."

Members of the ethnic minorities also suffer from

their lack of access to the business clubs and informal business networks which tend to be dominated by the majority white population. While Asians can partially compensate by using close family links black businesspeople are not good at establishing such networks.

To help the ethnic minorities overcome these barriers a range of public and private sector initiatives has been taken in recent years.

● Fullempley earlier this year ran a series of workshops for 250 bank managers in Birmingham, Bradford, London and Nottingham to help them understand the specific problems of ethnic minority business development.

● The Ethnic Minority Business Development Team is working with the Association of British Insurers and several government departments to produce an advice leaflet on how to obtain insurance cover in inner city areas.

● The development team is also attempting to increase awareness among members of the ethnic minorities of the possibility of franchising as a means of going into business. "Franchising can help Asians break out of the niches in which they get stuck while for Afro-Caribbeans it can bridge the ethnic gap," comments Edward Greston, a consultant.

Sarabjeet Soar is convinced that for the ethnic minorities concerns to be taken seriously must be represented in organisations such as the enterprise agencies and the Training and Enterprise Councils (TECs).

While there is no doubt that ethnic minority businesses do face problems in addition to those confronting their white-owned counterparts in one respect their position has improved. The size of the minority communities in many areas is becoming sufficient to provide quite sizeable markets for ethnic businesses.

Dyke & Dryden, for example, has capitalised on the growing UK black community and the established market in the US as well as developing exports to Africa and the Caribbean. It is also, however, planning to launch into the white market in the UK. Once a business has survived the early difficult years the problems which are specifically related to the colour of its owner diminish. "The problems we face of finding skilled managers and finance - are the problems of any industry rather than anything related to being a black business," comments Tony Wade.

Harmony in EC export markets

Charles Batchelor on pending regulations for UK companies selling through agents

British exporters often encounter problems when they use agents to sell their products in continental Europe. Unlike the UK, most European countries have legislation tightly defining the terms for contracts between exporters and agents. Exporters who are unaware of this can find themselves locked into agreements or faced with paying substantial compensation.

This state of affairs is about to change as Britain introduces regulations which will implement a European Community directive aimed at harmonising agency law. Businesses have until the end of this month to comment on draft regulations which have been prepared by the Department of Trade and Industry. The Confederation of British Industry and the Institute of Directors report a flood of submissions from their members concerned at details of the draft.

By bringing the UK into line with continental practice the new regulation should mean that British companies are no longer surprised by the sort of agreements they are expected to sign with continental agents. But they will have to adapt to a more highly regulated way of doing business.

An important concern of organisations like the CBI is that the UK regulation as drafted gives unduly advantageous treatment to the agent. By introducing the new rules in the form of a regulation rather than a Bill they will also escape full debate in Parliament, says Linda Jackson of the CBI's legal department.

Concern about the new rules has been expressed by both large companies with their own legal departments and by small businesses, says Jackson. Submissions to the CBI have emphasised the need for tightly drafted rules which clearly define what is meant by an agent and which close out loopholes which would allow agency agreements to be drawn up avoiding the EC directive.

The new regulations will require all agreements to be in writing and the precise method and amounts of payment to the

agent must be specified. They also set down the notice period required to end a contract and what payments would be due after termination. At least one month's notice is required during the first year of the contract rising to at least three months' notice during the third and subsequent years. If the two sides agree to longer periods of notice the exporter must not be allowed a shorter notice period than the agent so that equality is maintained.

The exporter must compensate the agent for the "losses, liabilities, costs and expenses" he has incurred as a result of the termination of the contract. Compensation must take into account the commission the agent would have earned if he had continued doing his job and the exporter had derived a substantial benefit from the agent's work.

The regulations will also limit the freedom of the exporter to restrict the agent's activities after the contract has been terminated.

Exempt

The EC directive, which draws substantially on West German agency law, was agreed in 1986 but Italy is exempt from the new rules until January 1993 while the UK and Ireland have until 1994 so British companies still have time to adapt.

But even without changes in European law exporters must still take care in drawing up agency agreements. Issues they must consider include deciding which territory a particular agent will cover; whether the agent is given exclusive rights to the territory; products covered by the agreement; and how payment is to be calculated and made.

"Avoid entering into an agreement for an unspecified period which leaves you with an open-ended commitment," warns the British Overseas Trade Board's Guide for Exporters.

Available from Department of Trade and Industry, 1-19 Victoria Street, London SW1E 0BT. Model agency agreements are also available from UK Chambers of Commerce.

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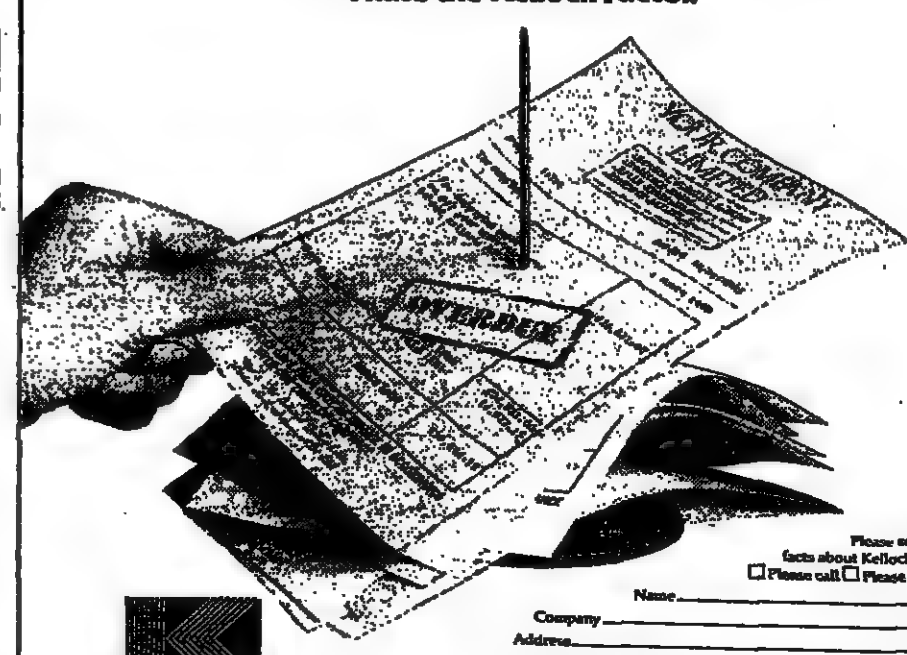
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COMMODITIES AND AGRICULTURE

Moscow offers incentives to boost grain deliveries

By Quentin Peel in Moscow

THE SOVIET Government has announced new incentives to boost the state purchases of grain, including special access to cars and household goods, in an extraordinary measure underlining concern over the continuing shortfall of grain supplies.

Although no official figures have yet been given for the overall progress of the harvest, reports from many different parts of the country suggest that much of this year's bumper crop has been left rotting in the fields.

In the past 10 days some areas have reported that still barely 30 per cent of their crops have been brought in. At the same time there is growing concern about the lack of vegetables, including potatoes, being supplied to major contributions such as Moscow, in the Urals and in Siberia.

Heavy rain in central Russia, Belorussia and the Ukraine in recent weeks has already damaged both grain and vegetables left in the fields, because of a combination of factors including labour shortages, lack of transport, fuel shortages, and the refusal of farms to collect their crops without higher purchase prices.

However, the problem of state grain purchases, which last year fell 27.3m tonnes short of the 88.3m-tonne target, has arisen again in spite of a virtual doubling in the purchase price for top grade wheat.

Now the Soviet Council of Ministers has approved an extraordinary scheme offering collective and state farms, as well as co-operatives, leaseholders and individuals, short-term goods in exchange for extra production.

Thus 1,000 tonnes of supplies above contract will earn various types of car, 500 tonnes would be enough for a house, and 40 tonnes a television set. The deal goes right down to the smallest production figures, with 25 tonnes earning a refrigerator, 0.5 tonnes a video cassette, or 10 audio-cassettes, and 0.1 tonnes a vacuum flask.

The vegetable problem is also critical in the major cities, with Pravda, the Communist Party newspaper, warning yesterday that basic vegetables have disappeared from stores in Moscow and Ural industrial centres like Orenburg and Chelyabinsk.

One problem is that many vegetables have not been collected from the fields. Reports from Belorussia suggest that thousands of tonnes of fruit and vegetables are rotting there, and will prove virtually impossible to gather after the heavy rain.

The other problem, according to Pravda, is that the southern and central Asian republics, traditional suppliers of fruit and vegetables, have switched to grain production in order to ensure their own self-sufficiency.

"This will surely affect people living beyond the Urals, where as little as 45 to 60 per cent of vegetables are grown locally," the newspaper said.

"In some districts of the Russian Federation, Ukraine, and Uzbekistan, vegetables are rotting just because the local authorities forbid the export of them to other regions." Elsewhere the problem is that the local leaders "did not find incentives to recruit citizens" to help with the harvest. The newspaper also pointed out that the critical state of Soviet storage facilities, suggesting that only one in five could be considered properly equipped.

Peru mine strike in sixth week

By Sally Bowen in Lima

THE STRIKE at Minero Peru, the state mining and refining company, has entered its sixth week amid indications that the union position was hardening. However, a vote late yesterday by workers at the 10 copper refineries on whether to continue the stoppage was expected to give the lead to workers at other Minero installations.

The ten Minero units successfully called a 24-hour "provincial stoppage" in the southern province of Ilo last Friday in protest at what they called "brutal police repression" and "continuing militarisation in mining camps." A striking miner had been killed and another received when police broke up a demonstration earlier in the week.

More than 100 striking workers from the Cajamarquilla zinc refinery also occupied the company's Lima headquarters for several hours last week.

Almost all the 3,500 workers at Minero Peru's four mining installations - the Ilo smelter, the Cerro Verde mine and concentrator, the Cajamarquilla zinc refinery, and the gold-dredging operation of San Antonio de Potosí - walked out on August 17 after the new board of directors refused to honour substantial wage rises awarded by the outgoing board two days before the change of government. The company's southern Bayovar phosphates plant has continued normal working, however.

Output of copper cathodes, produced at Minero's Ilo refinery under a tolling agreement with Southern Peru Copper Corporation, fell in August to 7,817 tonnes from July's 12,445 tonnes. Cajamarquilla's refined zinc output was down to 1,747 tonnes from 3,457 in July. Normal output at Cajamarquilla is between 7,000 and 8,000 tonnes a month, but it has been at about 50 per cent of capacity for some time because of energy supply problems.

The modern Cerro Verde mine and concentrator plant near Arequipa, however, has managed to maintain reasonable levels of output with the use of employees and some casual labour.

The strike is estimated to be costing about \$350,000 a day.

Gold supply 'to fall from 1993'

INDEPENDENT FORECASTS of gold output to 1995, excluding the Soviet Union and China, point to annual supply falling from 1993 onwards, according to a study by the Metals and Minerals Research Services consultancy group for the World Gold Council, writes Kenneth Gooding.

Gold supply is forecast to rise from 1,650 tonnes last year to 1,778 tonnes in 1992 but then to fall to 1,744 tonnes in 1993, to 1,721 tonnes in 1994 and to 1,709 tonnes in 1995.

Over the period from 1989 to 1995, the average rate of growth in supply is therefore expected to fall to only 0.5 a year compared with the 7 per cent seen in the late 1980s, says the WGC, a promotional body supported by more than 90 western mining companies.

According to MMRS, the industry anticipates that the production slowdown will be

bullish for the gold price.

"Demand and supply fundamentals will be more in balance by the early 1990s and, given average investor demand levels, prices would be expected to improve."

It points out, however, that "there will no doubt be bodies in production in 1995 that are currently not known about." So the forecasts for the years between 1993 and 1995 can be only "indicative."

Brazilian blow to coffee pact hopes

By David Blackwell

BRAZIL, THE world's biggest coffee producer, yesterday dealt a fresh blow to any hopes that the International Coffee Organisation's export quota system could be revived in the near future.

Mr Joao Rodrigues Cunha, head of the Brazilian delegation, told ICO delegates in London that his country was seeking an extension of one year to follow the expiry of the current coffee agreement in September next year.

"During this time we can study the market situation and consult our producers and exporters (about the future of the agreement)," he said.

The news depressed prices in both London and New York. On the London Futures and Options Exchange (Fux) the price for November robusta fell by 16 to 2594 a tonne. London dealers will today be reacting to whether the New York December arabica contract held above 94 cents a lb last night.

The agreement's system of export quotas, designed to support market prices, collapsed in July last year. Since then the agreement has continued with no economic clauses. This year's annual talks of the ICO started last week, but

the absence of the heads of the US and Brazilian delegations left little of substance to discuss. Delegates decided not to meet at all last Friday.

The arrival of the US and Brazilian delegations yesterday morning had been keenly awaited, but neither side has changed the stance which led to the collapse of the export quota system. Brazil, which has consistently rejected calls for it to accept a cut in its 30 per cent share of the ICO quota, appears to have recognised that no further progress can be made.

"Brazil does not consider that the time is ripe to undertake a negotiation which would only reveal again well-known disagreements which a little over a year ago led to the collapse of the system," Mr Cunha told the ICO Council.

Informal consultations with other producers and consumers had given no sign that positions regarding the manner of co-operation on coffee had become closer, he said.

Mr Celso Amorim, head of the Brazilian foreign ministry's economic department, said the chances of an extension were good "because our proposal is reasonable."

EC ministers in no mood for big farm trade concessions

By Tim Dickson in Brussels

EUROPEAN COMMUNITY farm ministers yesterday gave a strong signal that they were in no mood for substantial concessions in the international trade talks known as the Uruguay Round.

Several voiced concern about the "crisis of confidence" in the Common Agricultural Policy - the result of falling prices and mounting surpluses in most major product regimes - and all appeared to back the resolute stance in the negotiations taken by the EC Agriculture Commissioner Mr Raymond MacSharry.

Interest in yesterday's EC Farm Council was heightened after the European Commission last Wednesday unexpectedly failed to adopt a proposal inspired by Mr MacSharry to cut farm supports by 30 per cent over the 10 years 1990-96.

Strong reservations were voiced by Mr Frans Andriessen and Mr Martin Bangemann, respectively the external relations and internal market commissioners, who want to tighten up part of the package as it now stands as well as making a clear commitment to reduce the EC's controversial export subsidies. It emerged last night that the Commission

THE UK Agricultural Supply Trade Association expects the country's cereals crop for 1990-91 to reach 22.9m tonnes compared with last year's 22.7m tonnes and the 1984-85 record of 26.5m tonnes. The association forecasts the wheat crop at 14.5m tonnes, up from 14m last year.

would not now reconsider the EC's Uruguay position until next week, when Mr MacSharry is expected to retake his original idea.

Anything other than strong support yesterday for Mr MacSharry's position - and for his authority as the EC negotiator on agriculture - would have been a setback. But there was palpable satisfaction in the Irishman's camp last night that he certainly got it.

In a discussion ostensibly on Anglo-French lamb difficulties minister after minister from other member states intervened to hound the state of the markets and in some cases call for additional relief. In particular the French said the limit on quantities taken into intervention stores in the beef regime should be raised.

In the formal discussion on the Uruguay Round talks Mr John Gummer, the UK's farm minister, was supportive of the MacSharry approach and pointed out that it would be "tough" to explain a 30 per cent cut to EC farmers.

He added that Mr MacSharry would probably be pleased that certain member states seemed willing even to go that far.

Mr Henri Nallet, the French farm minister, called yesterday's proceedings "hilarious" in view of the fact that there was no formal proposal yet from the Commission. He stressed the importance of farm ministers having a chance to debate the issues before the October 15 deadline when submissions from all parties to the trade talks have to be tabled.

Mr Ignaz Kischke, the German farm minister, was said to be the most unhappy about the mood of the 20 member states. Mr Nallet told Mr Gummer yesterday that the Paris government would offer to compensate producers affected by the attacks on British lambs. He also said that the police presence would be strengthened at Calais, the port where much of the British meat enters France.

Ghana's high-flying pineapple exports

Air freight ensures premium returns for modest sales volumes writes William Keeling

IN THE markets of Accra and along many of the roads entering the city are stalls piled high with pineapples. Chattering market-women hold up fruit large as dumbbells and almost as heavy.

At about 14 pence a kilogram these pineapples are cheap, and getting cheaper every year. The local market is saturated with the fruit as a result, paradoxically, of Ghana's growing trade in fresh pineapple exports.

This year Ghana is expected to export over 10,000 tonnes of pineapples, a modest trade relative to the world market but an increase of over 100 per cent in three years.

More importantly, Ghanaian pineapples are regarded as among the finest in the world. Arranged on the shelves of supermarkets such as Marks and Spencer and Sainsbury, they attract a premium price for their freshness and high quality.

Ghana's success in the field may have come somewhat by default. Battling against the giant plantations of neighbouring Ivory Coast, Ghana's new breed of pineapple farmers have remained medium-scale. No farm currently exceeds 2,000 acres while the counter-parts in the Ivory Coast are often 10 times that size.

The relatively low production has ruled out the use of low-cost sea freight. Instead, all of the pineapples exported by Ghana are flown to the country of destination and can be offered to the consumer within 48 hours of being harvested.

The benefits Ghana loses from low quantity it gains through ensuring high quality.

The pineapple farmers are bullish about the future. Mr D.O. Sato, the owner of combined farms, is planning to expand his current 1,500 acres to 5,000 by 1995. This year he hopes to export over 4,500 tonnes, double his 1989 production.

In the past 12 months he has built a warehouse at Accra's international airport and has invested in an air-freight company, Cargo Dor, which operates a Boeing 707 to transport the pineapples from Ghana to Europe. As Mr Sato comments, "Now we have control over an efficient freight facility we can really consider expansion."

Storage and freight have been important limitations on the industry. In the past farmers have waited at their farms for weeks that the plane had arrived before transporting

their fruit. But there are additional restrictions which will be even harder to overcome if Ghana is to challenge the major pineapple producers. However efficient an export-orientated farm, at least one quarter of the fruit produced will fall to meet export-quality standards on size, sugar-content and acidity.

The farmer's problem is that the domestic food processing industry is in a shambles. There are just two canning factories, both of which are in dire need of rehabilitation and cannot take up the supply. Meanwhile the local food markets suffer a superabundance of the fruit.

The answer would be to encourage new investment in canning and juice extraction facilities. But while some potential investors have expressed an interest none have so far made any commitments. In part they may have been deterred by comments made by Mr J.J. Jerry Rawlings, the head of state, when he criticised foreign investors for being arrogant and corrupt at an investment conference in February.

Even those willing to disregard the political climate

would still question whether Ghana can provide the economies of scale to justify investment. While the supply of pineapples is too great for the domestic market to absorb, it is still too small to warrant the construction of a factory for the processing of export-bound products.

In the same way, although exporters have to import large quantities of packaging for the fruit, no investor has been willing to build a suitable packaging plant in Ghana. Also hindering a large scale expansion of the industry is the perennial state of the banking sector. With stifling credit ceilings and huge bad debts, commercial banks have been unwilling to lend to agricultural ventures.

While waiting for the banks to be restructured, however, several interim support packages for the agricultural sector have been developed. The state-owned Agricultural Development Bank has put together a US\$20m rural credit financing package for small-scale agricultural growers, including pineapple farmers.

In addition, an export finance company owned by eight insurance companies and the Ghana export promotion council is soon to be created.

Designed to finance directly projects such as those within the pineapple sector and to offer guarantees to exporters and to commercial bankers, it is a step in the right direction. Its initial capital of \$5.5m, however, is clearly inadequate to the task.

There are also plans to combine small-scale farmers into village co-operatives. But without the expertise or the back-up of the larger farms, the percentage of exportable fruit produced would certainly be below 50 per cent. And with no processing factory to take surplus such co-operatives would struggle to break even.

The future of the pineapple industry in Ghana depends upon serious investors entering the market who are able to turn a profit simply through the export of fresh fruit. Whether this will occur must be in doubt.

The efficient Mr Sato achieves a 10 per cent return on his capital but newcomers would struggle for profitability. And though Ghanaian pineapples are the best, they are also a luxury.

The deciding factor is the premium consumers are willing to pay to have their fruit air-freighted to the dining-room table.

WORLD COMMODITIES PRICES

MARKET REPORT

Gold rose sharply on the London bullion market as buying was prompted by rising oil prices and falling world stock markets. In New York December gold futures were well above \$400 an ounce at mid-session. One analyst said the advance through \$400 had convinced some speculators to establish new long positions. A softer dollar and falling US stock prices helped, but "oil is calling the tune for all the markets." On the LME zinc fell to seven-month lows before trade buying and short covering halted the decline. Traders said the fall was a continuation of last week's downturn on bearish charts and

ample physical supplies. Aluminium was also in retreat, but traders said the bull trend was intact despite the shake-out. Before the close the lower levels were already attracting renewed buying interest. Far East demand was expected to return today after yesterday's Japanese holiday, traders said. Copper prices also fell - bearish sentiment reflected expectations of a further sizeable rise today in already substantial LME warehouse stocks, traders said. On the BFE futures rose strongly - but traders said any rally was likely to be short-lived.

Compiled from Reuters

London Markets

SPOT MARKETS
Crude oil (per barrel FOB) +0.05
Dated 33.70-33.80 +1.00
Brent Blend (dated) 34.00-34.10 +1.00
Brent Blend (November) 33.20-33.30 +1.00
W.T.I. (1 pm est) 33.50-33.60 +1.00

Oil products
NWE prompt delivery (per tonne CIF) +0.05
Premium Gasoline 34.40-34.50 +2.00
Gas Oil 33.50-33.60 +2.00
Heavy Fuel Oil 34.00-34.10 +2.00
Naphta 33.70-33.80 +2.00

Petroleum Argus Estimates
Other +0.05
Gold (per troy ounce) 336.00 +0.75
Silver (per troy ounce) 322.00 +1.00
Platinum (per troy ounce) 341.00 +1.00
Palladium (per troy ounce) 310.00 +0.25

Aluminium (free market) 21.50 +0.05
Copper (US Producer) 130.00 -0.05
Lead (US Producer) 80.00 +0.05
Nickel (free market) 15.00 +0.10
Tin (Kuala Lumpur market) 15.00 +0.10
Zinc (LME Prime Western) 61.00 +1.00

Cattle (live weight) 101.00 -0.30
Sheep (head weight) 130.00 -0.30
Pigs (live weight) 101.00 -0.30
London daily sugar (raw) 320.00 -0.30
London daily sugar (white) 320.00 -0.30
Tate and Lyle export price 320.00 -0.30

Barley (English seed) 11.00 +0.05
Wheat (US No. 3 yellow) 11.00 +0.05
Wheat (US No. 3 white) 11.00 +0.05
Rough rice (US No. 1) 11.00 +0.05
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SUGAR - London FOC (\$ per tonne)
Raw Close Previous High/Low
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Dec 260.00 260.00 260.00 260.00
Jan 260.00 260.00 260.00 260.00
Feb 260.00 260.00 260.00 260.00
Mar 260.00 260.00 260.00 260.00
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LONDON STOCK EXCHANGE

FT-SE Index falls below 2,000 mark

RISE IN OIL prices, reflected in a weak opening to the new session on Wall Street, yesterday overwhelmed a UK stock market already grappling with worries over the domestic economy. After rallying from an early fall, the market fell steeply in later trading to close 35.2 FT-SE points off at 1,990.3, its first close below 2,000 for nineteen months and the lowest level since January 1989.

Trading volume, as measured by the Seat system, was high, but the day's total was swollen by substantial deals in the Beta, or second line issues. Intra-dealer activity was also high and tax-loss trading, in which stock is sold overnight

Account Dealing Dates		
First Dealing	24 Sep	Oct 6
Second Dealing	25 Sep	Oct 16
Third Dealing	26 Sep	Oct 26
Fourth Dealing	27 Sep	Oct 31
Final Dealing	28 Sep	Nov 1

for repurchase the following morning, increased after County NatWest, a leading UK marketmaker, advised clients that "all our market indicators are flashing that equities are a screaming buy."

Shares opened lower after Mr John Major, the UK Chancellor of the Exchequer, indi-

cated in Washington that he had no present plans at present to lower interest rates. A blunt answer to the Confederation of British Industry, which had disclosed that the confidence of its members in the economic outlook had fallen to a ten-year low.

Some marketmakers took the opportunity presented by the early fall of 14 Footsie points to buy stock in order to close short positions, and the market was already looking steadier when it was further encouraged by the news that the UK monthly trade deficit had shrunk to \$1.18bn in August, better than predicted by analysts. At mid-morning

the market was only 7.1 Footsie points down.

However, sentiment soon turned off as crude oil prices moved ahead sharply in London, taking the Brent spot price above \$40 a barrel - the consequent firmness of sterling was discouraging for the export stocks. Equity traders soon caught the hint of a weak start in the new Wall Street session, but the reality of a 52 Dow points loss in London hours was much more than the UK market expected.

UK share prices quickly slid away, and at worst the market was down more than 30 Footsie points off, although most of the late fall reflected little more

than marking-down operations by marketmakers unwilling to take stock on their books. Seat volume totalled 500.3m shares against 553.7m on Friday, but was boosted by the substantial rise in Maccs Charlotte Investments, the hotels group, in the face of a \$544m bid from Brierley Investments, which disclosed that it had bought the 10.1 per cent stake in Charlotte previously held by the Kuwait Investment Office.

The tone of the UK market was flat at the close as traders in London watched with dismay the trend of crude oil prices and share quotations on the other side of the Atlantic.

FINANCIAL TIMES STOCK INDICES									
	Sept 24	Sept 25	Sept 26	Sept 27	Sept 28	Sept 29	Sept 30	Oct 1	Oct 2
Government Bond	78.45	78.56	78.41	78.45	78.28	78.02	78.10	78.10	78.10
Fixed Interest	82.65	82.62	82.60	82.61	82.61	82.60	82.60	82.60	82.60
Ordinary Share	1510.4	1537.3	1531.1	1576.1	1576.8	1587.3	1588.3	1510.4	1510.4
Gold Shares	164.8	165.1	164.9	162.7	162.2	162.2	162.2	162.2	162.2
FT-SE 100 Share	1990.3	2025.6	2018.9	2068.8	2064.0	2068.8	2063.7	1990.3	1990.3
Ord. Div. Yield	6.29	6.17	6.21	6.22	6.22	6.22	6.22	6.22	6.22
Share Yield 50/50	13.19	12.94	13.02	12.93	12.93	12.93	12.93	12.93	12.93
P/E Ratio(Nat/Int)	9.18	9.37	9.30	9.30	9.30	9.30	9.30	9.30	9.30
SEAO Bargain 4.45pm	20,024	25,885	20,985	17,418	17,615	21,438	21,438	21,438	21,438
Equity Turnover(%)	824.80	817.83	742.22	639.39	639.39	639.39	639.39	639.39	639.39
Equity Bargain(%)	24,585	24,494	18,966	18,167	20,553	20,553	20,553	20,553	20,553
Shares Traded (m)	451.8	467.3	524.5	512.2	525.7	525.7	525.7	525.7	525.7
Ordinary Share Index, Hourly changes	Day's High 1537.3	Day's Low 1506.5							
FT-SE 100 Share	1990.3	2025.6	2018.9	2068.8	2064.0	2068.8	2063.7	1990.3	1990.3
Ord. Div. Yield	6.29	6.17	6.21	6.22	6.22	6.22	6.22	6.22	6.22
Share Yield 50/50	13.19	12.94	13.02	12.93	12.93	12.93	12.93	12.93	12.93
P/E Ratio(Nat/Int)	9.18	9.37	9.30	9.30	9.30	9.30	9.30	9.30	9.30
SEAO Bargain 4.45pm	20,024	25,885	20,985	17,418	17,615	21,438	21,438	21,438	21,438
Equity Turnover(%)	824.80	817.83	742.22	639.39	639.39	639.39	639.39	639.39	639.39
Equity Bargain(%)	24,585	24,494	18,966	18,167	20,553	20,553	20,553	20,553	20,553
Shares Traded (m)	451.8	467.3	524.5	512.2	525.7	525.7	525.7	525.7	525.7

SE Activity 1974. Including intra-market business & overseas turnover.

London report and latest Share index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS									
	Sept 24	Sept 25	Sept 26	Sept 27	Sept 28	Sept 29	Sept 30	Oct 1	Oct 2
AAV	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ABN	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ABN	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ABN	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ABN	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ABN	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ABN	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ABN	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ABN	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ABN	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Based on trading volume for most Alpha securities dealt through the SEAO system yesterday until 4.30pm.

higher at £283m and it said that sales were improving and margins were 1 per cent higher than last year. Argyle is also meeting other securities houses.

A renewed pledge to retain high interest rates by Mr John Major, UK Chancellor of the Exchequer, weighed heavily on the property sector. Sentiment was also undermined by the proximity of quarterly interest payments due at the end of this week. The more easily traded stocks bore the brunt, irrespective of whether they like some smaller and more illiquid companies, are likely to struggle to maintain the confidence of their bankers.

Leading stocks were also marked down as a result of the suspension of Rodemco shares, a leading Dutch property concern with an interest in Hammarston. The latter lost 24 to 51p, although dealers were quick to point out that, on a turnover of just 300,000, the price reflected more a mark-down than a heavy volume of stock coming on offer.

Local Securities weakened 13 to 45p in a move described as a fall into line with losses elsewhere. There was a mark-down of 7 to 41p for M&P, M&P, which also suffered heavily, closing at 5p to register a loss of 15p.

Great Western staged a brief rally ahead of figures expected later this week. But the market then appeared to have second thoughts and the shares ended a penny off on the day at 119p. An interim profit rise from

£50.3m to £56.2m helped Hawk build the market trend. Shares in the business services group, which was floated on the stock market last autumn, held steady at 95p.

The disclosure by MAI, the information and financial services group, of annual profits comfortably above market expectations offset the managing director's caution about current trading prospects and sent the shares 5 higher to 51p. Standard Trade, also a financial services company, reacted sharply after reporting a 11 per cent shortfall in interim profits and closed 8 down at 11p.

Other Market statistics, including the FT-Accruals share index, Page 25

Brierley bids for Charlotte

A BID by Sir Ron Brierley, the New Zealand entrepreneur, for hotel group Mount Charlotte shone a thin ray of light into the gloom of the market. Sir Ron was said by analysts to have paid 72p a share for the Kuwait Investment Office's 10 per cent holding in Mount Charlotte, taking his holding past 29.9 per cent.

His 73p bid was the lowest possible under takeover rules - he had bought stock at just less than 73p in the last 13 months. However, Mr Lindsay Russell at BZW claimed that the average price paid by Sir Ron since beginning to buy the company's stock two years ago was more than 80p a share.

Mr Paul Slattery at Kleinwort said the bid was "cheeky", pointing out that the company's net asset value is 132p a share. But he conceded that it was hard to see who might come in as a white knight. Mr Bruce Jones at Smith New Court argued that, if successful, Sir Ron was unlikely to change top management since he did not have in-house expertise in the hotel business.

Analysts and marketmakers agreed that Sir Ron's 40 per cent holding meant that he could gain control even if most of the other shareholders felt the offer was too low. Researchers said that enough fund managers might be tempted by the cash in a falling market and the boost to a fund's quarterly performance to hand over the necessary 10 per cent of shares.

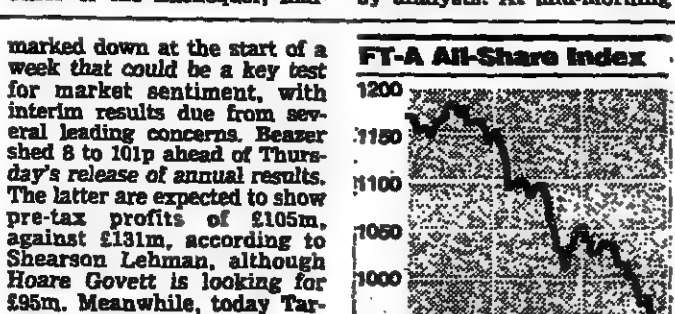
Mount Charlotte climbed 11 to 70 1/2p, mid price. No market-maker was offering the stock at more than 73p as the market closed.

More pain

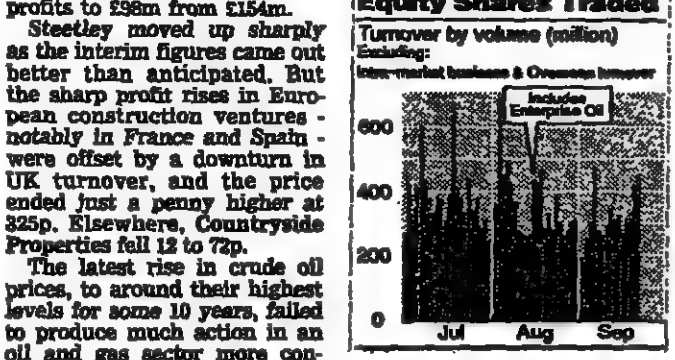
Franchise House suffered another painful session as concern grew ahead of the announcement of the year's results. James Capel, the agency broker, was believed to have tried unsuccessfully to place 4.5m shares at 170p a share, and the gloom brought on by a series of recent downgrades deepened. The shares were pushed down to 168p before a rally left them at 170p, a loss of 14 on the day.

Doubts re-emerged over the property and construction group's ability to maintain the final dividend, and one researcher suggested that the shares could face further turbulence in the approach to December's annual results.

Construction shares were



Equity Shares Traded



Insurers were given a thorough shaking, with Legal & General singled out by one UK securities house and sold down to 425p, before recovering to 435p.

The latest rise in crude oil prices, to around their highest levels for some 10 years, failed to produce much action in an oil and gas sector more concerned about the effect of recession on the petrochemicals business. The latter provided 30 per cent of Shell's operating profits and some 18 per cent of BP's in 1989.

BP closed 3 1/2 off at 345p with only 4.8m shares traded. Shell was a shade firmer at 480p ex-dividend on 3.7m shares. British Gas eased 2 1/2 to 216 1/2p on 4.3m.

Chemical issues were lower on fears that profits would be hit by the surge in price of oil. Bicknell Chemicals dropped 9 more to 106p and Evede, rated a sell by BZW, fell 9 to 97p. Broker downgrades in the wake of last week's disappointing interim profits put Fesco down 5 further to 163p.

Recently depressed Wards Stores, however, rallied 3 to 218p. Brierley Chemicals found support after revealing half-yearly results slightly better than anticipated and improved 4 to 137p.

Leigh Interests continued the decline which began last Tuesday on the agreed bid for E.T. Hughes. Leigh shares, 580p prior to the announcement, lost 15 further to 290p.

The insurance sectors were among the worst performing areas of the market. The Life

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS	NEW LOWS
ABN (1000)	ABN (1000)
ABN (1000)	ABN (1000)
ABN (1000)	ABN (1000)
ABN (1000)	ABN (1000)
ABN (1000)	ABN (1000)
ABN (1000)	ABN (1000)
ABN (1000)	ABN (1000)
ABN (1000)	ABN (1000)
ABN (1000)	ABN (1000)
ABN (1000)	ABN (1000)

Construction shares were

ie private motor insurance in the province, then he estimated that General Accident would stand to lose £300m of premium income (6 per cent of its worldwide non-life business) with no compensation.

Mr Hudson also pointed out that the bulk of GA Ontario auto book is written by specialist underwriter Pilot, which has consistently been in underwriting profit, making it one of the most significant contributors to GA's group profits. He increased his forecast of losses in 1991 from £15m, to £30m, and his estimate of 1992 losses in 1993 from £7m, to £20m.

Insurance broker Lloyd Thompson slipped 2 to 276p after the preliminary figures. Willis Faber dropped 5 to 204p on news that US group Aon is dropping out of the race for control of Corroon & Black, the US insurance broker, having failed to gain the agreement of the Corroon board. The latter said it will pay a special dividend of £2.50 a share conditional on the Willis/Corroon bid being approved by the respective shareholders.

The high street banks performed creditably, with Abbey and Lloyds notably firm against the wider market. Standard Chartered, however, fell 13 more to 289p and were badly affected by worries about corporate failures and bad debts.

The announcement that one of Simon Engineering's subsidiaries, Simon-Hartley, has won a £2m contract to upgrade eight water treatment sites for Southern Water failed to impress and the shares eased 5 to 313p.

Falkes Group eased to 56p after the company held an extraordinary meeting to approve the acquisition of the liabilities of Walter Somers, the company linked to the manufacture of an Iraqi supergun, and Crank and Forga.

The listing of Blackwood Hodge was suspended at 21p as market sources suggested that the company was in talks with BM Group, whose shares were also suspended. It is believed that a merger between the two companies will be announced shortly.

British Aerospace maintained the recent volatility prompted by worries over a potential Saudi order for Tornados aircraft and ended 11 lower at 534p ex-dividend. The recent profits downgrades by analysts continued to bear heavily on British Telecom, which lost 5 to 255p, and Cable and Wireless, 12 off at 418p.

Racal Electronics, one of the top performers in the Footsie since the beginning of the year, dropped 7 more to 139p with almost 5m shares changing hands.

GEC attracted good two-way interest with 4.3m shares traded; the shares were only marginally easier at 176p.

Construction shares were

County NatWest recently cut its forecasts for the group to "reflect the impact of likely adverse currency movements, lower interest receivable and a patchy performance in some of their smaller businesses."

For the current year County reduced its pre-tax profit estimate from £500m to £310m, while for next year they went down from £1,050m to £900m. However, County upgraded its stance on the shares from negative to neutral, taking note of its defensive strengths in the current environment. Salomon Brothers issued a straight buy note on the stock, highlighting its solid earnings growth.

Oil prices continued to bite at P&O, which retreated 7 1/2 to 467p ex-dividend. Eurotunnel again fell amid growing fears over the absence of any announcement about a refinancing package. The shares lost 5 to 204p.

Several Trent Water was believed to have purchased more stock of Caird Group yesterday at 100p, the price of Severn's conditional bid, and could now be holding around 26 per cent of the company. Caird shares settled slightly firmer at 101p, while those of Severn dipped 5 further to 206p.

A 700,000-share cross accounted for much of the 2.3m turnover in Banks Movis McDonnell, which slipped 14 to 39p.

Unigate survived some way comment from James Capel and ended unchanged at 255p, having peaked earlier at 260p.

Argyle eased 2 to 335p in spite of a profits upgrading from Hoare Govett in the wake of a meeting with the company on Friday. The broker's new current year estimate is £13m

Construction shares were

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Contd

AMERICANS - Contd

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

Continued on next page

Nationwide legal chief



Mr Charles Reed (pictured) has been appointed assistant general manager, legal services, at NATIONWIDE ANGLIA BUILDING SOCIETY, with responsibility for the legal and securities departments. He was regional sales manager for Essex.

Patrick Cockell has been appointed managing director of MANUFACTURING SYSTEMS PRODUCTS. He was sales and marketing director.

THOS. R. MILLER & SON (HOLDINGS) has appointed Mr E.R.G. Clarke as deputy managing director of Thos. R. Miller (Energy Insurance Services) from October 1.

APPOINTMENTS

PILGRIM FOOD GROUP

Full, a newly-formed company which recently acquired Chancer Foods from Hazlewood Foods, has appointed as its managing director Mr Colin Hunter, who remains managing director of Chancer.

Mr Robert A. Cosby, a merchant banker, becomes chairman of Pilgrim. Mr John Simons, finance director of Hazlewood Foods, and Mr Kenneth Murray, of Charterhouse Development Capital, become non-executive directors, representing their companies which each has a 25 per cent holding in Pilgrim. Mr Lawrence Boxall has been appointed operations director of Chancer. The company manufactures croutons.

NEWBROOK & CO, a venture consultancy company, has appointed Mr Nigel Foxwell as director of consultancy. He was with Epsom (UK) as director of finance and head of sales.

DENTS GLOVES, part of the Dewhurst-Dent group, has appointed Mr John Roberts as managing director. He was senior merchandise controller with the Childrens World subsidiary of Boots Co.

ROYAL MAIL PARCELFORCE has appointed Mr Jim Woodman as director of operations. He was with Federal Express, as managing director, priority services division, and replaces Mr Keith Webb who has retired.

PROVIDENT FINANCIAL GROUP has appointed Mr John Lomas as director of human resources.

REUTERS HOLDINGS is making the following structural changes from October 1. Mr Buford Smith, senior vice president, marketing and development,

HALL & TAYSE

a Reims Industries subsidiary, has appointed Mr Bob Gibbery as managing director of the southern construction division. He was deputy managing director of Hall & Tayse Southern.

Mr Robert A. Cosby, a merchant banker, becomes chairman of Pilgrim. Mr John Simons, finance director of Hazlewood Foods, and Mr Kenneth Murray, of Charterhouse Development Capital, become non-executive directors, representing their companies which each has a 25 per cent holding in Pilgrim. Mr Lawrence Boxall has been appointed operations director of Chancer. The company manufactures croutons.

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HAWKER SIDDELEY has appointed Dr Christopher Burt to the group executive, with responsibility for the aerospace division, from the end of September.

Reuters Information Services

Inc. US, becomes senior vice president, information product technology.

Mr David Morgan, general manager, trading room systems, is made marketing director, and Mr Martin Vicky operations director of Reuters Europe, Middle East and Africa.

Mr Mark Wood, editor-in-chief, will assume control of development specifications for real-time and historical news products.

Mr Peter Benjamin, managing director, Reuters Historical Information, is appointed director, special projects, with global responsibility for acquisitions.

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INDUSTRIALS (Miscel.)—Contd.					
1949	Low	Stock	Prices	High	Per
5192	1	20	15.0	21.4	41.0
5193	1	20	15.0	21.4	41.0
5194	1	20	15.0	21.4	41.0
5195	1	20	15.0	21.4	41.0
5196	1	20	15.0	21.4	41.0
5197	1	20	15.0	21.4	41.0
5198	1	20	15.0	21.4	41.0
5199	1	20	15.0	21.4	41.0
5200	1	20	15.0	21.4	41.0
5201	1	20	15.0	21.4	41.0
5202	1	20	15.0	21.4	41.0
5203	1	20	15.0	21.4	41.0
5204	1	20	15.0	21.4	41.0
5205	1	20	15.0	21.4	41.0
5206	1	20	15.0	21.4	41.0
5207	1	20	15.0	21.4	41.0
5208	1	20	15.0	21.4	41.0
5209	1	20	15.0	21.4	41.0
5210	1	20	15.0	21.4	41.0
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5214	1	20	15.0	21.4	41.0
5215	1	20	15.0	21.4	41.0
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5218	1	20	15.0	21.4	41.0
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5293	1	20	15.0	21.4	41.0
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5295	1	20	15.0	21.4	41.0
5296	1	20	15.0	21.4	41.0
5297	1	20	15.0	21.4	41.0
5298	1	20	15.0	21.4	41.0
5299	1	20	15.0	21.4	41.0
5300	1	20	15.0	21.4	41.0

FOOD, GROCERIES, ETC[illegible]

HOTELS AND CATERERS

264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	1221	1222	1223	1224	1225	1226	1227	1228	1229	1230	1231	1232	1233	1234	1235	1236	1237	1238	1239	1240	1241	1242	1243	1244	1245	1246	1247	1248	1249	1250	1251	1252	1253	1254	1255	1256	1257	1258	1259	1260	1261	1262	1263	1264	1265	1266	1267	1268	1269	1270	1271	1272	1273	1274	1275	1276	1277	1278	1279	1280	1281	1282	1283	1284	1285	1286	1287	1288	1289	1290	1291	1292	1293	1294	1295	1296	1297	1298	1299	1300	1301	1302	1303	1304	1305	1306	1307	1308	1309	1310	1311	1312	1313	1314	1315	1316	1317	1318	1319	1320	1321	1322	1323	1324	1325	1326	1327	1328	1329	1330	1331	1332	1333	1334	1335	1336	1337	1338	1339	1340	1341	1342	1343	1344	1345	1346	1347	1348	1349	1350	1351	1352	1353	1354	1355	1356	1357	1358	1359	1360	1361	1362	1363	1364	1365	1366	1367	1368	1369	1370	1371	1372	1373	1374	1375	1376	1377	1378	1379	1380	1381	1382	1383	1384	1385	1386	1387	1388	1389	1390	1391	1392	1393	1394	1395	1396	1397	1398	1399	1400	1401	1402	1403	1404	1405	1406	1407	1408	1409	1410	1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INDUSTRIALS (Miscel.)

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232 2233 2234 2235 2236 2237 2238 2239 2240 2241 2242 2243 2244 2245 2246 2247 2248 2249 2250 2251 2252 2253 2254 2255 2256 2257 2258 2259 2260 2261 2262 2263 2264 2265 2266 2267 2268 2269 2270 2271 2272 2273 2274 2275 2276 2277 2278 2279 2280 2281 2282 2283 2284 2285 2286 2287 2288 2289 2290 2291 2292 2293 2294 2295 2296 2297 2298 2299 2300 2301 2302 2303 2304 2305 2306 2307 2308 2309 2310 2311 2312 2313 2314 2315 2316 2317 2318 2319 2320 2321 2322 2323 2324 2325 2326 2327 2328 2329 2330 2331 2332 2333 2334 2335 2336 2337 2338 2339 2340 2341 2342 2343 2344 2345 2346 2347 2348 2349 2350 2351 2352 2353 2354 2355 2356 2357 2358 2359 2360 2361 2362 2363 2364 2365 2366 2367 2368 2369 2370 2371 2372 2373 2374 2375 2376 2377 2378 2379 2380 2381 2382 2383 2384 2385 2386 2387 2388 2389 2390 2391 2392 2393 2394 2395 2396 2397 2398 2399 2400 2401 2402 2403 2404 2405 2406 2407 2408 2409 2410 2411 2412 2413 2414 2415 2416 2417 2418 2419 2420 2421 2422 2423 2424 2425 2426 2427 2428 2429 2430 2431 2432 2433 2434 2435 2436 2437 2438 2439 2440 2441 2442 2443 2444 2445 2446 2447 2448 2449 2450 2451 2452 2453 2454 2455 2456 2457 2458 2459 2460 2461 2462 2463 2464 2465 2466 2467 2468 2469 2470 2471 2472 2473 2474 2475 2476 2477 2478 2479 2480 2481 2482 2483 2484 2485 2486 2487 2488 2489 2490 2491 2492 2493 2494 2495 2496 2497 2498 2499 2500 2501 2502 2503 2504 2505 2506 2507 2508 2509 2510 2511 2512 2513 2514 2515 2516 2517 2518 2519 2520 2521 2522 2523 2524 2525 2526 2527 2528 2529 2530 2531 2532 2533 2534 2535 2536 2537 2538 2539 2540 2541 2542 2543 2544 2545 2546 2547 2548 2549 2550 2551 2552 2553 2554 2555 2556 2557 2558 2559 2560 2561 2562 2563 2564 2565 2566 2567 2568 2569 2570 2571 2572 2573 2574 2575 2576 2577 2578 2579 2580 2581 2582 2583 2584 2585 2586 2587 2588 2589 2590 2591 2592 2593 2594 2595 2596 2597 2598 2599 2600 2601 2602 2603 2604 2605 2606 2607 2608 2609 2610 2611 2612 2613 2614 2615 2616 2617 2618 2619 2620 2621 2622 2623 2624 2625 2626 2627 2628 2629 2630 2631 2632 2633 2634 2635 2636 2637 2638 2639 2640 2641 2642 2643 2644 2645 2646 2647 2648 2649 2650 2651 2652 2653 2654 2655 2656 2657 2658 2659 2660 2661 2662 2663 2664 2665 2666 2667 2668 2669 2670 2671 2672 2673 2674 2675 2676 2677 2678 2679 2680 2681 2682 2683 2684 2685 2686 2687 2688 2689 2690 2691 2692 2693 2694 2695 2696 2697 2698 2699 2700 2701 2702 2703 2704 2705 2706 2707 2708 2709 2710 2711 2712 2713 2714 2715 2716 2717 2718 2719 2720 2721 2722 2723 2724 2725 2726 2727 2728 2729 2730 2731 2732 2733 2734 2735 2736 2737 2738 2739 2740 2741 2742 2743 2744 2745 2746 2747 2748 2749 2750 2751 2752 2753 2754 2755 2756 2757 2758 2759 2760 2761 2762 2763 2764 2765 2766 2767 2768 2769 2770 2771 2772 2773 2774 2775 2776 2777 2778 2779 2780 2781 2782 2783 2784 2785 2786 2787 2788 2789 2790 2791 2792 2793 2794 2795 2796 2797 2798 2799 2800 2801 2802 2803 2804 2805 2806 2807 2808 2809 2810 2811 2812 2813 2814 2815 2816 2817 2818

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West & Neville Fund Mgmt (Guaranty) Ltd				
West Bond Fund Inc	\$1.28	1.33		
West Cap Fd Acct	\$1.40	1.49		
West Emerd Cos	\$2.75	0.86		

[illegible]

CANADA

CANADA

Stock High Low Close Change Stock High Low Close Change Stock High Low Close Change Stock High Low Close Change

TORONTO

Closing prices September 21

Stock	High	Low	Close	Change
3000 Alcan P	61 1/2	61	61 1/2	1/2
3000 Alcan E	37 1/2	37	37 1/2	1/2
3000 Alcan S	37 1/2	37	37 1/2	1/2
3000 Alcan W	37 1/2	37	37 1/2	1/2
3000 Alcan X	37 1/2	37	37 1/2	1/2
3000 Alcan Y	37 1/2	37	37 1/2	1/2
3000 Alcan Z	37 1/2	37	37 1/2	1/2
3000 Alcan AA	37 1/2	37	37 1/2	1/2
3000 Alcan AB	37 1/2	37	37 1/2	1/2
3000 Alcan AC	37 1/2	37	37 1/2	1/2
3000 Alcan AD	37 1/2	37	37 1/2	1/2
3000 Alcan AE	37 1/2	37	37 1/2	1/2
3000 Alcan AF	37 1/2	37	37 1/2	1/2
3000 Alcan AG	37 1/2	37	37 1/2	1/2
3000 Alcan AH	37 1/2	37	37 1/2	1/2
3000 Alcan AI	37 1/2	37	37 1/2	1/2
3000 Alcan AJ	37 1/2	37	37 1/2	1/2
3000 Alcan AK	37 1/2	37	37 1/2	1/2
3000 Alcan AL	37 1/2	37	37 1/2	1/2
3000 Alcan AM	37 1/2	37	37 1/2	1/2
3000 Alcan AN	37 1/2	37	37 1/2	1/2
3000 Alcan AO	37 1/2	37	37 1/2	1/2
3000 Alcan AP	37 1/2	37	37 1/2	1/2
3000 Alcan AQ	37 1/2	37	37 1/2	1/2
3000 Alcan AR	37 1/2	37	37 1/2	1/2
3000 Alcan AS	37 1/2	37	37 1/2	1/2
3000 Alcan AT	37 1/2	37	37 1/2	1/2
3000 Alcan AU	37 1/2	37	37 1/2	1/2
3000 Alcan AV	37 1/2	37	37 1/2	1/2
3000 Alcan AW	37 1/2	37	37 1/2	1/2
3000 Alcan AX	37 1/2	37	37 1/2	1/2
3000 Alcan AY	37 1/2	37	37 1/2	1/2
3000 Alcan AZ	37 1/2	37	37 1/2	1/2
3000 Alcan BA	37 1/2	37	37 1/2	1/2
3000 Alcan BB	37 1/2	37	37 1/2	1/2
3000 Alcan BC	37 1/2	37	37 1/2	1/2
3000 Alcan BD	37 1/2	37	37 1/2	1/2
3000 Alcan BE	37 1/2	37	37 1/2	1/2
3000 Alcan BF	37 1/2	37	37 1/2	1/2
3000 Alcan BG	37 1/2	37	37 1/2	1/2
3000 Alcan BH	37 1/2	37	37 1/2	1/2
3000 Alcan BI	37 1/2	37	37 1/2	1/2
3000 Alcan BJ	37 1/2	37	37 1/2	1/2
3000 Alcan BK	37 1/2	37	37 1/2	1/2
3000 Alcan BL	37 1/2	37	37 1/2	1/2
3000 Alcan BM	37 1/2	37	37 1/2	1/2
3000 Alcan BN	37 1/2	37	37 1/2	1/2
3000 Alcan BO	37 1/2	37	37 1/2	1/2
3000 Alcan BP	37 1/2	37	37 1/2	1/2
3000 Alcan BQ	37 1/2	37	37 1/2	1/2
3000 Alcan BR	37 1/2	37	37 1/2	1/2
3000 Alcan BS	37 1/2	37	37 1/2	1/2
3000 Alcan BT	37 1/2	37	37 1/2	1/2
3000 Alcan BU	37 1/2	37	37 1/2	1/2
3000 Alcan BV	37 1/2	37	37 1/2	1/2
3000 Alcan BW	37 1/2	37	37 1/2	1/2
3000 Alcan BX	37 1/2	37	37 1/2	1/2
3000 Alcan BY	37 1/2	37	37 1/2	1/2
3000 Alcan BZ	37 1/2	37	37 1/2	1/2
3000 Alcan CA	37 1/2	37	37 1/2	1/2
3000 Alcan CB	37 1/2	37	37 1/2	1/2
3000 Alcan CC	37 1/2	37	37 1/2	1/2
3000 Alcan CD	37 1/2	37	37 1/2	1/2
3000 Alcan CE	37 1/2	37	37 1/2	1/2
3000 Alcan CF	37 1/2	37	37 1/2	1/2
3000 Alcan CG	37 1/2	37	37 1/2	1/2
3000 Alcan CH	37 1/2	37	37 1/2	1/2
3000 Alcan CI	37 1/2	37	37 1/2	1/2
3000 Alcan CJ	37 1/2	37	37 1/2	1/2
3000 Alcan CK	37 1/2	37	37 1/2	1/2
3000 Alcan CL	37 1/2	37	37 1/2	1/2

Stock	High	Low	Close	Change
2400 Ocean Gas	52 1/2	52	52 1/2	1/2
2400 Ocean Pkg	52 1/2	52	52 1/2	1/2
2400 Ocean S	52 1/2	52	52 1/2	1/2
2400 Ocean W	52 1/2	52	52 1/2	1/2
2400 Ocean X	52 1/2	52	52 1/2	1/2
2400 Ocean Y	52 1/2	52	52 1/2	1/2
2400 Ocean Z	52 1/2	52	52 1/2	1/2
2400 Ocean AA	52 1/2	52	52 1/2	1/2
2400 Ocean AB	52 1/2	52	52 1/2	1/2
2400 Ocean AC	52 1/2	52	52 1/2	1/2
2400 Ocean AD	52 1/2	52	52 1/2	1/2
2400 Ocean AE	52 1/2	52	52 1/2	1/2
2400 Ocean AF	52 1/2	52	52 1/2	1/2
2400 Ocean AG	52 1/2	52	52 1/2	1/2
2400 Ocean AH	52 1/2	52	52 1/2	1/2
2400 Ocean AI	52 1/2	52	52 1/2	1/2
2400 Ocean AJ	52 1/2	52	52 1/2	1/2
2400 Ocean AK	52 1/2	52	52 1/2	1/2
2400 Ocean AL	52 1/2	52	52 1/2	1/2
2400 Ocean AM	52 1/2	52	52 1/2	1/2
2400 Ocean AN	52 1/2	52	52 1/2	1/2
2400 Ocean AO	52 1/2	52	52 1/2	1/2
2400 Ocean AP	52 1/2	52	52 1/2	1/2
2400 Ocean AQ	52 1/2	52	52 1/2	1/2
2400 Ocean AR	52 1/2	52	52 1/2	1/2
2400 Ocean AS	52 1/2	52	52 1/2	1/2
2400 Ocean AT	52 1/2	52	52 1/2	1/2
2400 Ocean AU	52 1/2	52	52 1/2	1/2
2400 Ocean AV	52 1/2	52	52 1/2	1/2
2400 Ocean AW	52 1/2	52	52 1/2	1/2
2400 Ocean AX	52 1/2	52	52 1/2	1/2
2400 Ocean AY	52 1/2	52	52 1/2	1/2
2400 Ocean AZ	52 1/2	52	52 1/2	1/2
2400 Ocean BA	52 1/2	52	52 1/2	1/2
2400 Ocean BB	52 1/2	52	52 1/2	1/2
2400 Ocean BC	52 1/2	52	52 1/2	1/2
2400 Ocean BD	52 1/2	52	52 1/2	1/2
2400 Ocean BE	52 1/2	52	52 1/2	1/2
2400 Ocean BF	52 1/2	52	52 1/2	1/2
2400 Ocean BG	52 1/2	52	52 1/2	1/2
2400 Ocean BH	52 1/2	52	52 1/2	1/2
2400 Ocean BI	52 1/2	52	52 1/2	1/2
2400 Ocean BJ	52 1/2	52	52 1/2	1/2
2400 Ocean BK	52 1/2	52	52 1/2	1/2
2400 Ocean BL	52 1/2	52	52 1/2	1/2
2400 Ocean BM	52 1/2	52	52 1/2	1/2
2400 Ocean BN	52 1/2	52	52 1/2	1/2
2400 Ocean BO	52 1/2	52	52 1/2	1/2
2400 Ocean BP	52 1/2	52	52 1/2	1/2
2400 Ocean BQ	52 1/2	52	52 1/2	1/2
2400 Ocean BR	52 1/2	52	52 1/2	1/2
2400 Ocean BS	52 1/2	52	52 1/2	1/2
2400 Ocean BT	52 1/2	52	52 1/2	1/2
2400 Ocean BU	52 1/2	52	52 1/2	1/2
2400 Ocean BV	52 1/2	52	52 1/2	1/2
2400 Ocean BW	52 1/2	52	52 1/2	1/2
2400 Ocean BX	52 1/2	52	52 1/2	1/2
2400 Ocean BY	52 1/2	52	52 1/2	1/2
2400 Ocean BZ	52 1/2	52	52 1/2	1/2
2400 Ocean CA	52 1/2	52	52 1/2	1/2
2400 Ocean CB	52 1/2	52	52 1/2	1/2
2400 Ocean CC	52 1/2	52	52 1/2	1/2
2400 Ocean CD	52 1/2	52	52 1/2	1/2
2400 Ocean CE	52 1/2	52	52 1/2	1/2
2400 Ocean CF	52 1/2	52	52 1/2	1/2
2400 Ocean CG	52 1/2	52	52 1/2	1/2
2400 Ocean CH	52 1/2	52	52 1/2	1/2
2400 Ocean CI	52 1/2	52	52 1/2	1/2
2400 Ocean CJ	52 1/2	52	52 1/2	1/2
2400 Ocean CK	52 1/2	52	52 1/2	1/2
2400 Ocean CL	52 1/2	52	52 1/2	1/2

Stock	High	Low	Close	Change
5000 Bell Canada	12 1/2	12	12 1/2	1/2
5000 Bell Pkg	12 1/2	12	12 1/2	1/2
5000 Bell S	12 1/2	12	12 1/2	1/2
5000 Bell W	12 1/2	12	12 1/2	1/2
5000 Bell X	12 1/2	12	12 1/2	1/2
5000 Bell Y	12 1/2	12	12 1/2	1/2
5000 Bell Z	12 1/2	12	12 1/2	1/2
5000 Bell AA	12 1/2	12	12 1/2	1/2
5000 Bell AB	12 1/2	12	12 1/2	1/2
5000 Bell AC	12 1/2	12	12 1/2	1/2
5000 Bell AD	12 1/2	12	12 1/2	1/2
5000 Bell AE	12 1/2	12	12 1/2	1/2
5000 Bell AF	12 1/2	12	12 1/2	1/2
5000 Bell AG	12 1/2	12	12 1/2	1/2
5000 Bell AH	12 1/2	12	12 1/2	1/2
5000 Bell AI	12 1/2	12	12 1/2	1/2
5000 Bell AJ	12 1/2	12	12 1/2	1/2
5000 Bell AK	12 1/2	12	12 1/2	1/2
5000 Bell AL	12 1/2	12	12 1/2	1/2
5000 Bell AM	12 1/2	12	12 1/2	1/2
5000 Bell AN	12 1/2	12	12 1/2	1/2
5000 Bell AO	12 1/2	12	12 1/2	1/2
5000 Bell AP	12 1/2	12	12 1/2	1/2
5000 Bell AQ	12 1/2	12	12 1/2	1/2
5000 Bell AR	12 1/2	12	12 1/2	1/2
5000 Bell AS	12 1/2	12	12 1/2	1/2
5000 Bell AT	12 1/2	12	12 1/2	1/2
5000 Bell AU	12 1/2	12	12 1/2	1/2
5000 Bell AV	12 1/2	12	12 1/2	1/2
5000 Bell AW	12 1/2	12	12 1/2	1/2
5000 Bell AX	12 1/2	12	12 1/2	1/2
5000 Bell AY	12 1/2	12	12 1/2	1/2
5000 Bell AZ	12 1/2	12	12 1/2	1/2
5000 Bell BA	12 1/2	12	12 1/2	1/2
5000 Bell BB	12 1/2	12	12 1/2	1/2
5000 Bell BC	12 1/2	12	12 1/2	1/2
5000 Bell BD	12 1/2	12	12 1/2	1/2
5000 Bell BE	12 1/2	12	12 1/2	1/2
5000 Bell BF	12 1/2	12	12 1/2	1/2
5000 Bell BG	12 1/2	12	12 1/2	1/2
5000 Bell BH	12 1/2	12	12 1/2	1/2
5000 Bell BI	12 1/2	12	12 1/2	1/2
5000 Bell BJ	12 1/2	12	12 1/2	1/2
5000 Bell BK	12 1/2	12	12 1/2	1/2
5000 Bell BL	12 1/2	12	12 1/2	1/2
5000 Bell BM	12 1/2	12	12 1/2	1/2
5000 Bell BN	12 1/2	12	12 1/2	1/2
5000 Bell BO	12 1/2	12	12 1/2	1/2
5000 Bell BP	12 1/2	12	12 1/2	1/2
5000 Bell BQ	12 1/2	12	12 1/2	1/2
5000 Bell BR	12 1/2	12	12 1/2	1/2
5000 Bell BS	12 1/2	12	12 1/2	1/2
5000 Bell BT	12 1/2	12	12 1/2	1/2
5000 Bell BU	12 1/2	12	12 1/2	1/2
5000 Bell BV	12 1/2	12	12 1/2	1/2
5000 Bell BW	12 1/2	12	12 1/2	1/2
5000 Bell BX	12 1/2	12	12 1/2	1/2
5000 Bell BY	12 1/2	12	12 1/2	1/2
5000 Bell BZ	12 1/2	12	12 1/2	1/2
5000 Bell CA	12 1/2	12	12 1/2	1/2
5000 Bell CB	12 1/2	12	12 1/2	1/2
5000 Bell CC	12 1/2	12	12 1/2	1/2
5000 Bell CD	12 1/2	12	12 1/2	1/2
5000 Bell CE	12 1/2	12	12 1/2	1/2
5000 Bell CF	12 1/2	12	12 1/2	1/2
5000 Bell CG	12 1/2	12	12 1/2	1/2
5000 Bell CH	12 1/2	12	12 1/2	1/2
5000 Bell CI	12 1/2	12	12 1/2	1/2
5000 Bell CJ	12 1/2	12	12 1/2	1/2
5000 Bell CK	12 1/2	12	12 1/2	1/2
5000 Bell CL	12 1/2	12	12 1/2	1/2

Stock	High	Low	Close	Change
8000 Bell Canada	12 1/2	12	12 1/2	1/2
8000 Bell Pkg	12 1/2	12	12 1/2	1/2
8000 Bell S	12 1/2	12	12 1/2	1/2
8000 Bell W	12 1/2	12	12 1/2	1/2
8000 Bell X	12 1/2	12	12 1/2	1/2
8000 Bell Y	12 1/2	12	12 1/2	1/2
8000 Bell Z	12 1/2	12	12 1/2	

Case Mix	2,990,400	13%	+	1%	180	285	377
Am Y & T	2,490,000	33%	+	1%	180	1,261	886
Public Works	2,029,500	44%	+	1%	180	464	444
Shopping	2,383,400	43%	+	1%	180	11	6
Gas Motors	2,357,400	34%	+	1%	180	270	259
Shoes	2,314,700	13%	+	1%	180	270	259
Wet-Mat, Stores	2,317,000	36%	+	1%	180	270	259

CANADA		TORONTO		1980	
	Sept '81	Sept '80	Sept '79	HIGH	LOW
Metals & Minerals Composite	2984.66	3054.39	3074.30	3453.85 (4/7)	2859.80 (2/4)
WHEAT	3075.38	3054.38	3075.38	3084.49	4009.47 (2/1)
WHEAT, Portfolio	1707.30	1715.54	1726.33	1716.52	2060.90 (2/1)
					1698.67 (1/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/75. 1 Excluding health, industrial, plus utilities, financial and transportation. 2 Closed. 3 Unavailable.

SWEDEN	1000.1	1000.1	1000.1	1000.1	1000.1
SWITZERLAND	1000.1	1000.1	1000.1	1000.1	1000.1
TAIWAN	1000.1	1000.1	1000.1	1000.1	1000.1
THAILAND	1000.1	1000.1	1000.1	1000.1	1000.1
U.S. Capital Int.	1000.1	1000.1	1000.1	1000.1	1000.1

Subject to official regulations. 1000.1 Base values of all indices are 100 except: Metals SE, USSE Overall and DAX—1,000; JSE Gold—25; Industrials—254.5 and Australia All Ordinary and Mining—300; 2 Closed. 3 Unavailable.



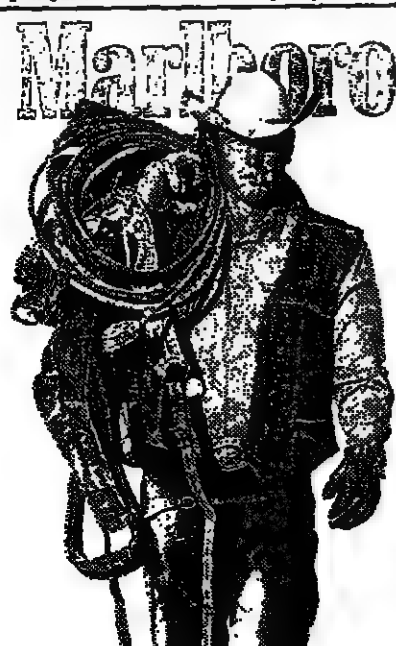
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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 45



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PERSONAL COMPUTERS AND SOFTWARE 2

New products may boost a mature market later this year

THE MATURING United States personal computer market has entered a phase of slow growth, with analysts predicting that 1990 sales will be little higher than those of last year. New product introductions by the major manufacturers are, however, expected to give the market a boost in the final months of 1990.

The US still represents the largest market in the world for personal computers with sales last year of close to \$14bn, representing over 60 percent of the world market.

The leading US computer manufacturers - IBM, Compaq, Apple and Tandy - have consolidated their positions in the US market, where they together hold a dominant 64 percent market share.

In 1989, IBM's share of the US market rose to 27.3 percent from 25.4 percent in 1988, according to the Gartner Group, a Stamford Connecticut market research group. The market analysts estimate Apple Computer's share of the US personal computer market at 24.9 percent, virtually unchanged from a year earlier. Compaq increased its share of the market to 11.4 percent from 9.4 percent in 1988.

Other important participants in the US personal computer market are Tandy, with a 5.4 percent market share and Hewlett-Packard with 3.6 percent.

European and Asian personal computer makers such as Bull, NEC, Acer, Olivetti and Fujitsu each hold more than one percent of the US market and together represent a growing challenge to US personal computer companies.

Personal computers in the IBM PC AT class, based on Intel's 286 microprocessor, were the highest sellers in 1989.

Sales of these machines are rapidly slowing, however, with personal computers based on Intel's newer 386 chip expected to take over the lead this year. Migration to the 386 has been accelerated by booming sales of Microsoft's Windows graphical user-interface program, introduced last May.

The program gives standard IBM-compatible personal computers features similar to those of an Apple Computer Macintosh, but it requires the power of an Intel 386 chip to run at an acceptable speed.

Big changes in US software arena

Windows has therefore provided personal computer users with a new incentive to upgrade to a more powerful machine. Also creating strong demand in the high-end of the personal computer market is the trend toward networking. More than half of all personal computers use in the US are linked on networks, according to market researchers.

This trend has dramatically changed the role of the per-

sonal computer in office computer systems making it an alternative to the traditional minicomputer with terminals.

An important new class of computers, based on Intel's latest and most powerful microprocessor, the Intel 486, has been introduced by several of the top personal computer makers over the past year. These machines are expected to play a key role in boosting the performance of networked personal computers.

The 486 provides computing power that exceeds the requirements of the vast majority of personal computer users, but it can host a multi-user work-group system or act as a computer server on a personal computer local area network.

Apple Computer, the number two US personal computer manufacturer, has been treading water for the past year, struggling to maintain its 24 percent share of the US market. The company is, however, expected to launch a new range of low-end Macintosh personal computers this month which will address its tradi-

tional small-business, education and home-user markets. Sales to small businesses and home office-users are growing at 16 percent annually, more than twice as fast as total shipments, according to BIS CAP International, a Norwell, Massachusetts market research firm.

Sales of "home computers" are growing even faster, the analysts say.

IBM's introduction this year of the PS/1 home computer,

an equivalent desk-top system. Laptop prices will start falling as competition in this segment of the market picks up, analysts predict. Among those expected to launch new laptops shortly are IBM and Compaq.

Another new segment of the market with high growth potential is the "handheld" or "pocket" computer. These tiny computers rely upon the very latest chip technology to cram all of the functions of an IBM-compatible computer into a pocket-sized case.

In the software arena, major changes are underway. The launch of Microsoft's Windows has given DOS, the most widely used personal computer operating system, a new lease of life. This has raised questions about the future of OS/2, a second generation operating system, launched three years ago by Microsoft and IBM.

The new operating system is designed to take full advantage of high performance microprocessors by providing multitasking capabilities that enable a personal computer to perform several applications simultaneously. OS/2 also incorporates a graphical user interface.

Since the introduction of the first version of OS/2, three years ago, its market impact has been limited by a lack of applications software.

Meanwhile "Windows," Microsoft's program that upgrades DOS into a graphical environment with multitasking, is winning increased support.

UNIX, traditionally a mini-computer operating system, is now finding its way onto networked personal computers and is dominant in the market for computer workstations.

With the introduction by Apple Computer, Hewlett-Packard and others of graphical user interfaces for UNIX which make the system far easier to use, UNIX is becoming a serious contender in the personal computer arena.

Confusion over software standards is one of several factors that have led to slower growth of personal computer sales over the past year.

Also inhibiting growth in the US are general economic conditions and the more mature state of the personal computer market.

Price-cuts are forecast, says Alan Cane

Western Europe now a sales battleground

WITH the market for personal computers in the US now growing at less than 10 per cent a year, Western Europe has become a major battleground for the world's personal computer manufacturers.

Growth in Europe is still healthy, some experts estimate it at 25 per cent a year or more, although they accept that it will follow the US pattern in the next few years. They suggest that the market may grow by only 15 per cent in 1991 and just over 10 per cent in 1992.

Mr Jim Beveridge, computer industry analyst for IDC Europe, takes a more pessimistic line, arguing that market conditions are already dismal. He has two concerns. First, that economies are slowing across Europe and that major customers are cutting back expenditure on all but essential items. New computers and

Worldwide PC shipments: by region*

Worldwide consumption	Thousand units, 1989	1 million in 1989
UNITED STATES	10,786	35,090
% of regional market	48	52
CANADA	898	1,962
% of regional market	4	3
JAPAN	1,865	21,831
% of regional market	3	32
WESTERN EUROPE	6,705	4,958
% of regional market	30	7
REST OF THE WORLD	1,389	4,148
% of regional market	9	8
WORLDWIDE	22,208	67,937
% of regional market	100	100

*"Sold value": personal computer makers sold more machines to customers in Europe and Asia than to customers in the US, last year, a clear indication of a quickly maturing overseas market. Source: Dataquest report, 1990.

Top five vendors worldwide shipments of IBM and IBM-compatible PCs

Vendor	Thousand units, 1989	Percentage, total units
IBM	2,438	14
NEC	1,172	5
Olivetti	943	3
Compaq	566	4
Toshiba	905	3
TOTAL, top five vendors	5,922	32
TOTAL, all vendors	11,785	98
	17,805	100

Despite facing an onslaught from PC-compatible makers, IBM is well in the lead in terms of PC units shipped in 1989; IBM's share of compatible shipments is double that of its nearest competitors, NEC and Compaq, says Dataquest.

pendent consultancy for analysis. Mr Beveridge believes that inventories are building up which will result in heavy price-cutting before long.

It will be an element of a battle, however, in which European-owned manufacturers play only a minor role. Of the seven main competitors, only two, Olivetti of Italy and Amstrad of the UK, are European in origin.

Japanese companies, with the exception of Toshiba, have yet to make an impact on the European market; it is significant, however, that Toshiba is the market leader in laptop computers, a sector in which Japan is dominant and which many believe will be the chief area of future growth. Mitsubishi recently took over Apricot of the UK which will help its performance in the high-end pc/workstation end of the market. The overall leader, with 15.9 per cent of the market measured in units, according to Dataquest, is International Business Machines, a position it has held since it launched its PC in the early 1980s.

Second is Commodore with 9.5 per cent and third Atari with 7.9 per cent. Dataquest's figures indicate that 6.3m units were shipped in Europe in 1989. In past surveys, IBM's market share has been significantly larger. Experts reckon, however, that its present position owes more to the overall expansion of the market than

to encroachment by competitors. What has emerged over the past months, however, is that distribution channels - the indirect routes involving dealers and value-added resellers - are fundamental to competitiveness in Europe.

Romtec, the UK marketing consultancy, argues that IBM's position is the result of its mastery of dealer channels. It says: "Despite the approach of 1992 and the Single European Market, there are different levels of development in distribution channels. For example, Spain's channels are growing in sophistication as demand for microcomputer products grows, while small microcomputer dealers and distributors in a more developed market in the UK may be prey to takeover by much larger French distribution companies."

Romtec points out that the UK has a disproportionately large number of microcomputer dealers but the average sales of these companies are about a fifth less than the European average. The overall market is differentiating rapidly. The pc is becoming simply another electronic appliance which gives weight to Mr Alan Sugar of Amstrad's view that computers will penetrate companies and the home as thoroughly as television set and video recorders. Since the launch of Amstrad's

business range of computers, it has sold about 2.73m machines worldwide, the greater majority in Europe.

Olivetti remains the major European owned personal computer manufacturer and the only one with a full range of machines competing in all the major markets (Siemens of West Germany which has just merged with Nixdorf, after the latter ran into serious financial difficulties, fields a full range of personal computers and workstations, but is still chiefly confined to its native market).

Olivetti's claims to leadership in the European small computer industry are based on a range of high performance computers, launched late last year and based on the most powerful microprocessor chips from Intel, the 80486 and the 886; the machines use

European sales may still be growing by 25 per cent a year

Extended Industry Standard Architecture (EISA), the industry's response to IBM's Micro Channel Architecture (MCA).

For the most part, however, established European computer manufacturers have tended to badge-label other manufacturers' PCs, rather than build their own. ICL of the UK which is shortly to come under the ownership of Fujitsu of Japan has had unexpected success in selling pc made by Acer of Taiwan.

Bull of France took the process a stage further by acquiring the personal computer operations of Zenith Corporation of the US and running the company as its personal computer division.

Tulip Computers of The Netherlands has expanded successfully outside its home market, but financial problems at Philips, the Dutch electronics giant, have been blamed on its computer division.

The failure of European manufacturers to rise to the challenge of the personal computer, however, is indicated by the rise of Compaq of the US, now second only to IBM in high end professional machines after only six years competing in Europe.

Success in Europe demands high quality products, excellent customer support and service and mastery of the dealer channels. Compaq now has 1,500 members in its European dealer network.

It is possible that the market will be given a boost by a demand for personal computers from East Europe and the Soviet Union - up to 25m units over five years according to some estimates. But will it benefit Europe's makers or their competitors from the US and the Pacific Rim?

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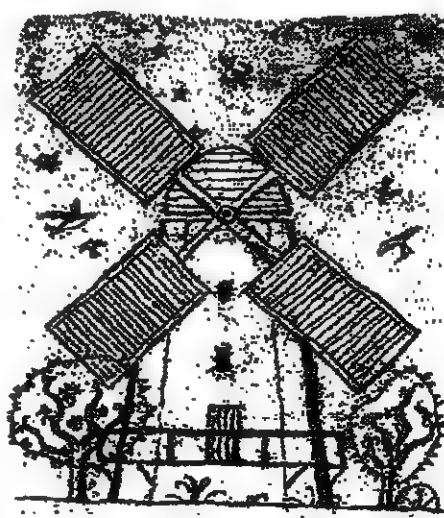
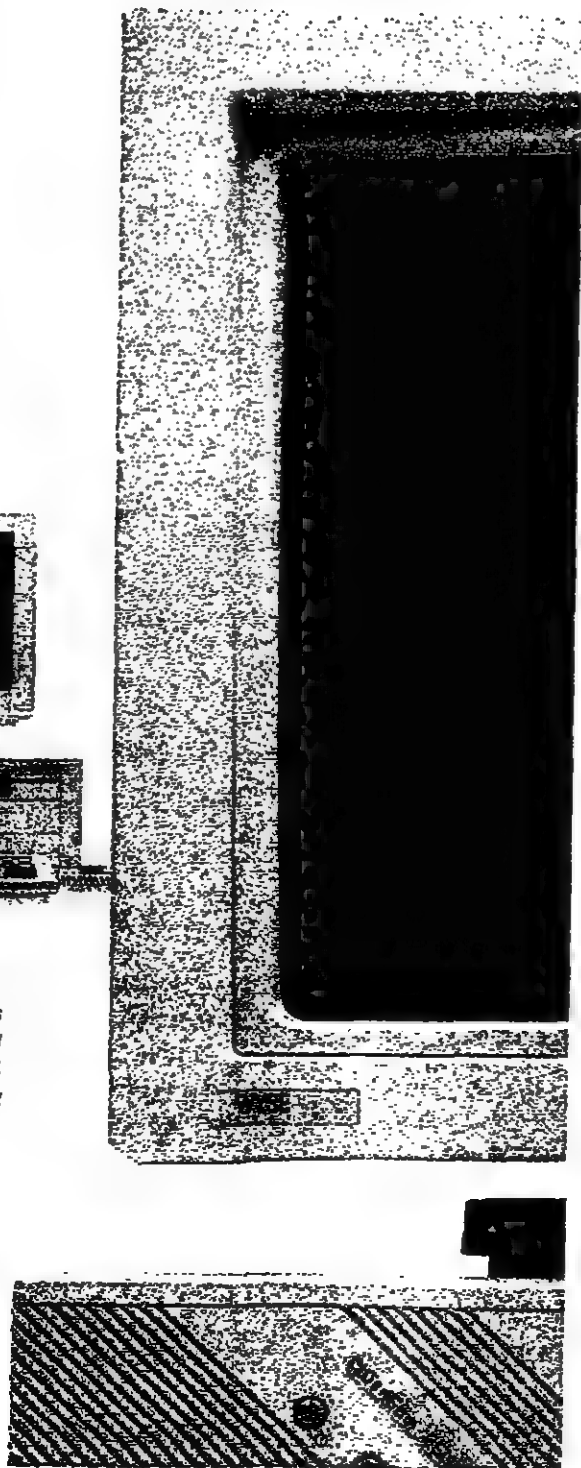
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*Source: IDC 1989 Terminal Census
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PERSONAL COMPUTERS AND SOFTWARE 3

PC production in the Soviet Union

Problems abound

IT IS a feature of the Soviet economy that though it can support the most impressive space programme in the world, it still cannot produce some of the core components of a personal computer.

So far, there is still no entirely Soviet-made personal computer which has a hard disk. No state in the former eastern bloc ever managed to mass produce an equivalent of the Intel 80286 microprocessor - the most widely-used chip in western desktop computers.

The scale of the potential demand is immediately apparent, even though market statistics on the USSR are very sketchy. The Soviet PC installed base in 1989 was 400,000, according to Business International estimates.

In a survey of the Soviet market, published last July, the organisation predicts that by 1995 the total demand will stand at 25m units. Under the current Five-Year Plan, the Soviets were scheduled to produce 300,000 PCs in 1989, but it is extremely doubtful that they can come close.

Though it is wrong to completely write-off the Soviet's domestic computer industry, it is undoubtedly in serious trouble.

With western machines more freely available, Soviets are shunning the outdated and unreliable Agat, Iskra and other domestically-made machines.

Speaking on Moscow TV last month, the manager of the Elektronash computer plant in Kiev said his factory was in crisis, due to plummeting orders.

For at least 30 years the guiding R&D principle in the Soviet civilian computer industry has been the reverse engineering of western designs. The Agat, for example, is a clone of the Apple II. Full compatibility, however, was never achieved and the Soviets have always had particular trouble with interfaces.

Paul Bygrave is technical director of UK-based Quest Automation and is responsible for the support of the company's 3,000-unit installed base in the Soviet Union.

He says one site had bought a large number of PCs manufactured by the largest eastern bloc computer manufacturer, Kombinat Robotron of the GDR. His customer had been assured that these were fully IBM AT compatible. Bygrave discovered they had a 64-pin male connector on the motherboard, which rendered them virtually unusable with Western peripherals.

"You can take absolutely



In Moscow, computer operators call up financial data at the Commercial Bank for Innovations.

nothing for granted and have to look at every machine in detail," he says. PCs linked together in a local area network (LAN) are an extremely popular solution in the Soviet Union. They tend to be highly cost-effective - something of great importance to buyers with limited hard currency.

Andrew Zoltowski, Eastern European Director at networks specialists Novell, says multiple PC systems are playing an important role in Soviet structural reform.

"Perestroika is about decentralisation at both a broad and small scale. As individual organisations decentralise new people at different levels will make decisions - to do this they must have information and they must be able to communicate," he says.

Microsoft-DOS is the dominant PC operating system in the Soviet Union. OS/2, billed by IBM as its replacement, is seen as expensive and is even less popular than it is in the west.

The Soviets primarily use pirated versions of MS-DOS writing their own Cyrillic interfaces. Last April a big step towards tidying-up the chaos which this caused occurred when Microsoft released Russian DOS, in conjunction with the US-Soviet joint venture, JV Dialogue.

Software piracy is endemic in the Soviet Union. Moscow programmer Peter Kvitek works for JV Dialogue - he says that most Moscow programmers who want the latest release of a major western package will have obtained a copy within a month of its release in the west.

The problem of piracy goes beyond the ineffectiveness of individual programmers - it is a structural problem. There is no Soviet software industry; traditionally an organisation will buy a computer, then hire a programmer to make it work

how he acquires the software to do the job is up to him. Buyers have very limited hard currency. For the cost of a major western software package, an organisation could pay a team of programmers for a year.

The absence of laws protecting intellectual property renders futile any attempts by western companies to protect their products. In June 1989, a collection of major western software companies, including Autodesk, Novell and Microsoft, along with the Soviet Academy of Sciences and the State Committee on Informatics and Computer Technology, met at the town of Pereslavl-Zalessky, near Moscow. They signed a joint declaration demanding new copyright legislation.

Last June, the trade agreement signed by President's Bush and Gorbachev included a Soviet commitment to amend its copyright laws to include computer software. As yet, the hard-pressed Soviet legislature has not come up with new regulations.

Though the Soviet system failed to generate a software industry, what it did produce was large numbers of extremely talented programmers. Richard Handyside, the UK managing director of CAD/CAM specialists, Autodesk, says the typical Soviet engineering graduate has been educated to a higher level and has a better understanding of surrounding disciplines than his British counterpart.

Autodesk has set up a joint venture company in Moscow, called Parallel, to exploit the skills of the city's programming community. Parallel has thus far produced a compiler for the Autodesk's main product, AutoCad, which is used by hundreds of UK companies.

Robert Farish

PERSONAL COMPUTING in Japan has finally taken-off in a big way this year, thanks to smaller, low-price notebook-sized personal computers. Japanese manufacturers, too, are benefitting from the rising sales and profits.

These diminutive personal computers, dubbed "notebook PCs" because of their slim, portfolio-size dimensions and under weighing under 8 lbs., are finally overcoming the Japanese hesitancy to use PCs. Equipped with high-resolution liquid-crystal displays and power-saving features to extend battery life, notebook PCs have become a trendy item in fashion-conscious Tokyo.

Toshiba advertises its best-selling "Dynabook" notebook PC, using race-car drivers as promoters. TV comedians recommended carrying a notebook PC as a play to snag dates at trendy Roppongi singles bars.

Hesitancy in Japan about the use of computers is being overcome

In a word, the crowded, urban masses of Tokyo are finally liberating themselves from pencils and erasers.

Competition within Japan is fierce for the top position in notebook PCs: NEC and Toshiba are slugging it out, with Sharp, Seiko-Epson, and others ready to enter the ring.

NEC's computers covers the full range, from supercomputers to notebook PCs. Its strong suite, though, is in smaller systems, especially PCs. Its 50 per cent share of the domestic PC market accounts for nearly one-third of NEC's total computer revenues. Its "PC 8800 series" of 16-bit desktop PCs has amassed a software library of over 10,000 programs, the largest in Japan.

Yet in the laptop/notebook PC market, the picture is somewhat different. In the US, Toshiba and Zenith tied for the lead in the combined laptop/notebook PC market with 20 per cent each of shipments. NEC was a distant third with 12%, followed by Compaq.

Calling itself the "King of Laptops", Toshiba built an early lead on the success of its T3100 series of larger laptop computers. Using expertise developed in low-power consuming technology, it introduced a new class of small, light machines.

Naming them "notebooks", these PCs' functionality, styling and remarkably low price made them an instant hit with Japanese consumers. Weighing

under 2.7 kilograms and the size of an office notepad, notebooks caught the public's imagination. The Dynabook was voted the "hit" consumer product of last year by a leading monthly magazine in Tokyo.

But will Toshiba hold on to its early lead in notebooks? At International Data Corp., Japan's PC specialist - Ken Fukuda - does not think so: "NEC will eventually overtake Toshiba in the notebook race, at least in the domestic market. NEC has a vast chain of dealers dedicated to NEC PC sales, something that Toshiba just cannot match. Its large library of software will provide an additional inducement to buyers," he says.

Getting used to personal computers and keyboards has not come easy to the Japanese. Keyboard "phobia" among males over 40 is a common joke in Japanese offices.

In desperation, some companies took strong measures to overcome this computer shyness. Omron, a Kyoto-based maker of electronic industrial controls, requires middle-level managers to take computer literacy courses. Recently, the company purchased 1,200 Toshiba Dynabook notebook PCs for employees to make sure the training was put to good use.

Japanese wordprocessors, or "was-pro" as they are called here, paved the way for this year's boom in notebook PC sales. According to Bill Smale of Smale/Brooks Ventures, a computer consultant in Tokyo, "was-pro" machines, limited though they are in capability, accustomed users to PCs.

"While European and American users learn keyboard familiarity from typewriters, kanji character-dedicated wordprocessors fill this role here," he says. In desktop PC manufacturing, Japan continues to move upstream by offering more powerful machines. This strategy is helping Japan avoid a head-on collision with the strong manufacturing capability of other Asian countries on the low-end of the PC market. Taiwan and Korea, among others, are producing low-priced entry-level and mid-range XT and AT machines, at rock-bottom prices.

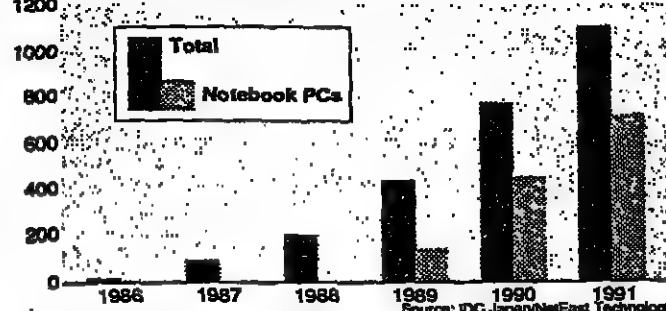
But the real action in the

Rising demand for notebook-sized PCs in offices and homes

A surging market in Japan

Japan's laptop/notebook PC market

Thousands domestic PC units shipped



Japanese PC market is not in the larger desktop PCs, but in notebooks. Manufacturers had at least two compelling reasons for "down-sizing" desktop PCs. In the first place, personal computers here were regarded as luxury items - expensive, impractical and bulky.

With new manufacturing techniques such as surface-mount technology and with large production runs, makers could afford to cut prices. Entry-level notebook such as NEC's "88 Note," for example, could be selling below the ¥100,000 (€375) by the end of this year. This is the same pricing point at which VCR and CD-player sales took off strongly in Japan. Another reason, specific to Japan, for down-sizing bulky desktop computers was to cope with the crowded Japanese environment.

The shock waves of the notebook boom are rippling through the software market here, too. Bill Totten, an American who heads one of Japan's biggest software distributors, is at the centre of the storm. His company, Assist KK, is

offering a suite of inexpensive software packages targeted at the new notebook user crowd. Priced at under ¥10,000 (€35), Assist's line of Japanese wordprocessors and spreadsheets increases the pressure on the entire PC software industry here to meet the average person's need for inexpensive, productive software.

"Japan's workforce is coming out of the dark ages," he says. "Up to now, they've relied on outmoded office systems - using pencils and erasers. I'm convinced there is a large pent-up demand for software of this type."

While the new story in personal computing is notebooks, an older project has finally come to an end. The Architecture-Extended or AX personal computer standard. The industry is finally accepting what seemed clear to many at the beginning - AX offered too little for too much Yen.

First proposed several years ago, the AX project was an attempt to kick-start the Japanese domestic PC market. The idea was to create a new operating system (OS), allowing

domestic users to have two modes. One mode would run Japanese language-based programs using Chinese characters such as the popular Japanese wordprocessor, "Toshiko." In another mode, it would run programs based on an English language, IBM-compatible DOS operating system. This hybrid OS would allow access to the vast array of English language programs in business, science and engineering. There was a problem: AX machines sold poorly, were expensive and poorly designed. AX PCs received a cold reception from the home market, too: consumers bought inexpensive "was-pros," instead.

AX makers attempted to upgrade the graphics displays to the high-resolution VGA standard in hopes of attracting new interest. But the effort was fatally delayed. ASCII Corp., the software publishing

Japanese PC-makers are offering increasingly powerful desktop machines

company headed by Japan's *ryuans* terrible of computers, Ray Nishi, stumbled in designing the key IC component, a VGA controller. Now, even those who once felt the need for the AX standard have moved on to other more promising projects.

Sharp Corporation was one of the first to attack the problem of providing truly portable computing power for the business traveller. Sharp's "Wizard" fit-in-your-shirt-pocket electronic organisers sell well worldwide. Sharp claims sales of over 100,000 units a month.

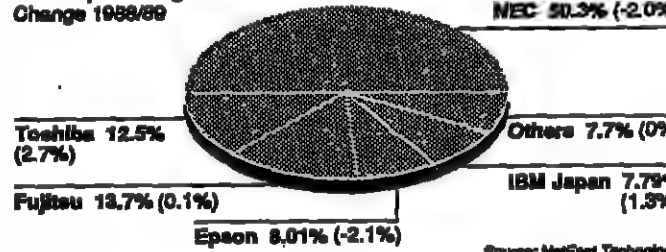
Joining the electronic diary market were Canon, Epson, NEC and Citizen. While lacking the flexibility and storage capacity of notebook PCs, they have filled a need. Yet what the shirt-pocket computing market really seems to need is notebook PC-power, in an even smaller package.

Sony struck the first blow in the palm-top market, announcing recently a machine with the capability of a full-blown computer in a tiny plastic box that fits in the palm of a hand, albeit a very large hand.

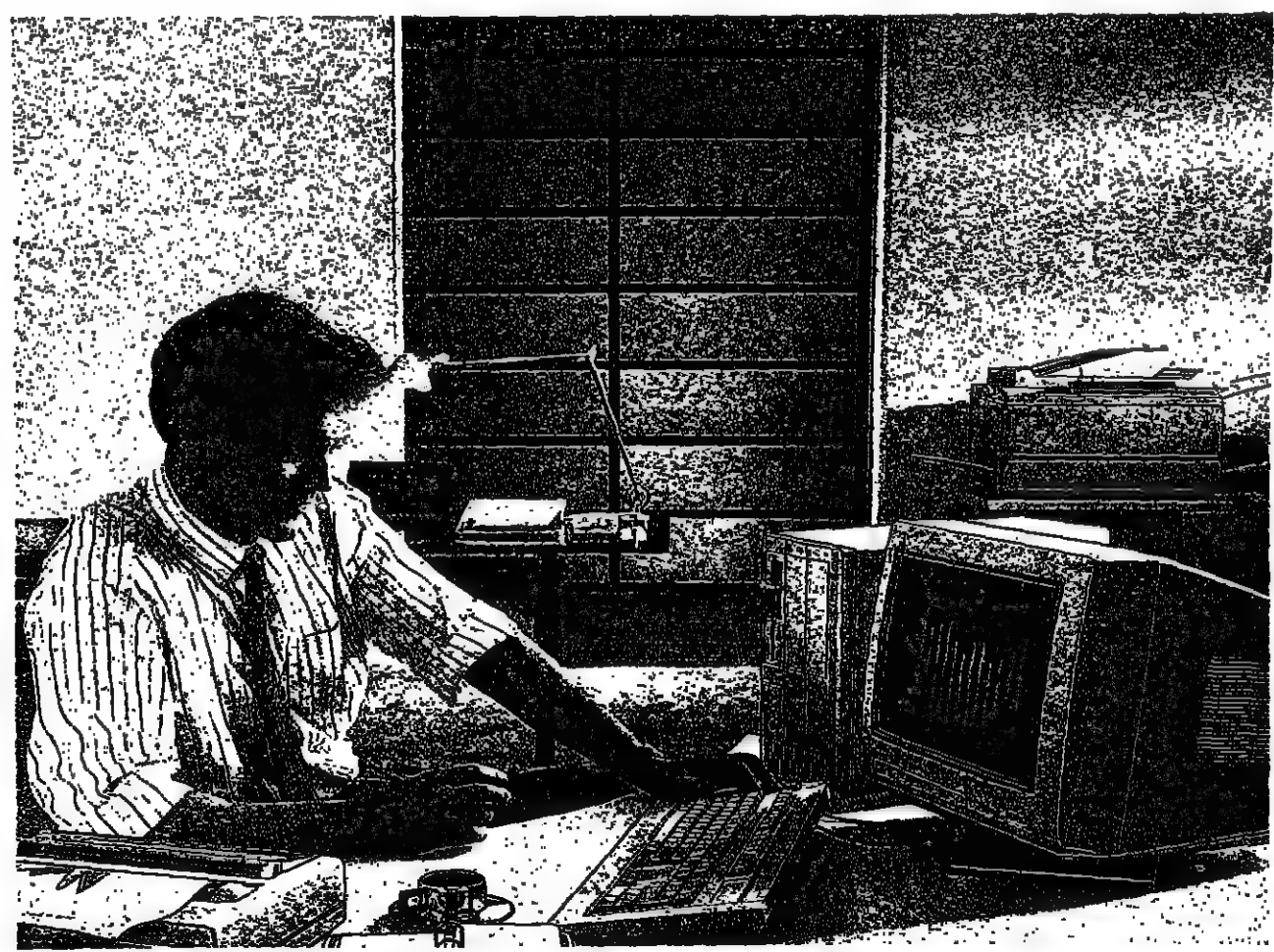
Continued on page 4

Japan's PC market

Market percentage and Change 1989/89



Source: NetEast Technology



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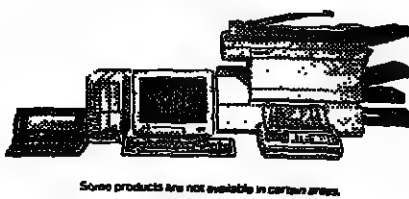
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CORPORATE NETWORKING MADE EASY

Alan Cane examines Amstrad's mass market ambitions

A remarkable recovery by any standard

MR ALAN SUGAR, founder and chairman of Amstrad, now the UK's largest personal computer manufacturer, permitted himself a wry smile when International Business Machines took its second stab at the home computer market earlier this year.

"A few years ago", he recalled, "when we introduced our first personal computer, there was horror and alarm because we put the power supply in the monitor and provided only three expansion slots. There was no fan in the machine."

"Now, five years later this company called IBM has launched a product it calls the PS/1 with, remarkably enough, a power supply in the monitor, no expansion slots, graphics integrated onto the mother board and a mouse. Has it taken IBM all that time to work out what we identified five years ago?"

Mr Sugar, now virtually free of the financial problems which plagued Amstrad last year, has recovered his accustomed ebullience and is anxious to establish Amstrad's technological credentials in the industry.

He is talking about build quality and cost-cutting, rather than technological leadership — "we have positioned ourselves as the Ford Motor Company of the computer industry."

Cutting-costs is the key to Alan Sugar's business philosophy

We do not pretend to be at the leading edge. We concentrate on the mass market for computers based on the Intel 80286 and 80386SX, offering superb quality at a good price."

Amstrad is second in unit sales only to Olivetti of Italy as a European-owned manufacturer. According to Dataquest it had six per cent of the 6.6m units shipped in Europe in 1989 compared with 6.4 per cent for Olivetti and 15.9 per cent for IBM, the market leader.

Nevertheless, the company's consumer electronics origin, which is still reflected in its games computer range, together with well-publicised technology problems with its professional computers last year have conspired to hurt Amstrad's ambitions to be recognised as a computer maker for serious users.

This month the company is making a new attempt to increase its penetration of the important professional computing marketplace with a new range of computers — the Generation Three — based on 8086, 80286 and 80386SX chips.

The Generation Three models — manufactured under contract by GPT in Kirkcaldy, Scotland, have been built to satisfy Mr Sugar's dictum that the customer is always right — "these machines should be acceptable to professional users because they have been designed to answer their complaints about earlier ranges."

"The cabinets are made of metal rather than plastics for the first time and there are expansion slots and facilities for fitting larger disk drives,

tape streamers and so on." Most of the new technology in the Generation Three computers has gone into the manufacturing process. The number of chips in the system has been shrunk using custom chips designed at Amstrad's Brentwood, Essex headquarters and fabricated by a commercial silicon factory.

Surface mounting, an advanced and cost-effective way of fixing chips to printed circuit boards, has been used now that fully automated surface mount machinery is available.

Cutting-costs is the key to Mr Sugar's philosophy. "If anybody is going to go down in history as bringing computers to the masses in Europe, it has got to be us," he says.

"We were the ones that made the price-breakthrough. We brought the computer down to the price that made it affordable. Price is a great motivator. When you bring the price down, you expand the market."

"Twenty-five years ago a colour television cost £200 and an Austin Mini cost the same. Today, a colour television costs £200 and the mini costs £11,000. There will be a continual slide in prices in electronics."

He avoids market niches outside his self-defined criterion of computing for the masses. He has no plans as yet to build machines using the latest and most powerful Intel chip, the 80486 which he sees as the engine for computer-aided design systems and scientific workstations.

He has no plans to move into machines complying to IBM's microchannel architecture (MCA) design. And he has no plans to move into computer software — "we have to be realistic. We are experts in hardware manufacture, not software."

But if the Generation Three computers encapsulate what Mr Sugar and his design team believe professional users are looking for in a personal machine, they by no means represent his personal view of the machines of the future.

These, he says, will take advantage of the semiconductor industry's facility to shrink more and more components down onto single chips of silicon and to compress more functions onto a single printed circuit board.

"We think now that with the level of integration we can achieve on the chips, the footprint (space taken up by the computer on the desktop) no longer has to be the traditional size."

"Neither do you have to provide eight slots for expansion cards because those cards were floppy disk controllers, network managers or graphics packages. All of that can now be condensed onto the main printed circuit board."

"The computers we are working on now and which will evolve next year will be very small and have no more than two expansion slots."

The margins in personal computers are tight, but Mr Sugar points out that Amstrad has always worked in electronics sectors with tight margins



Alan Sugar: "Price is a great motivator."

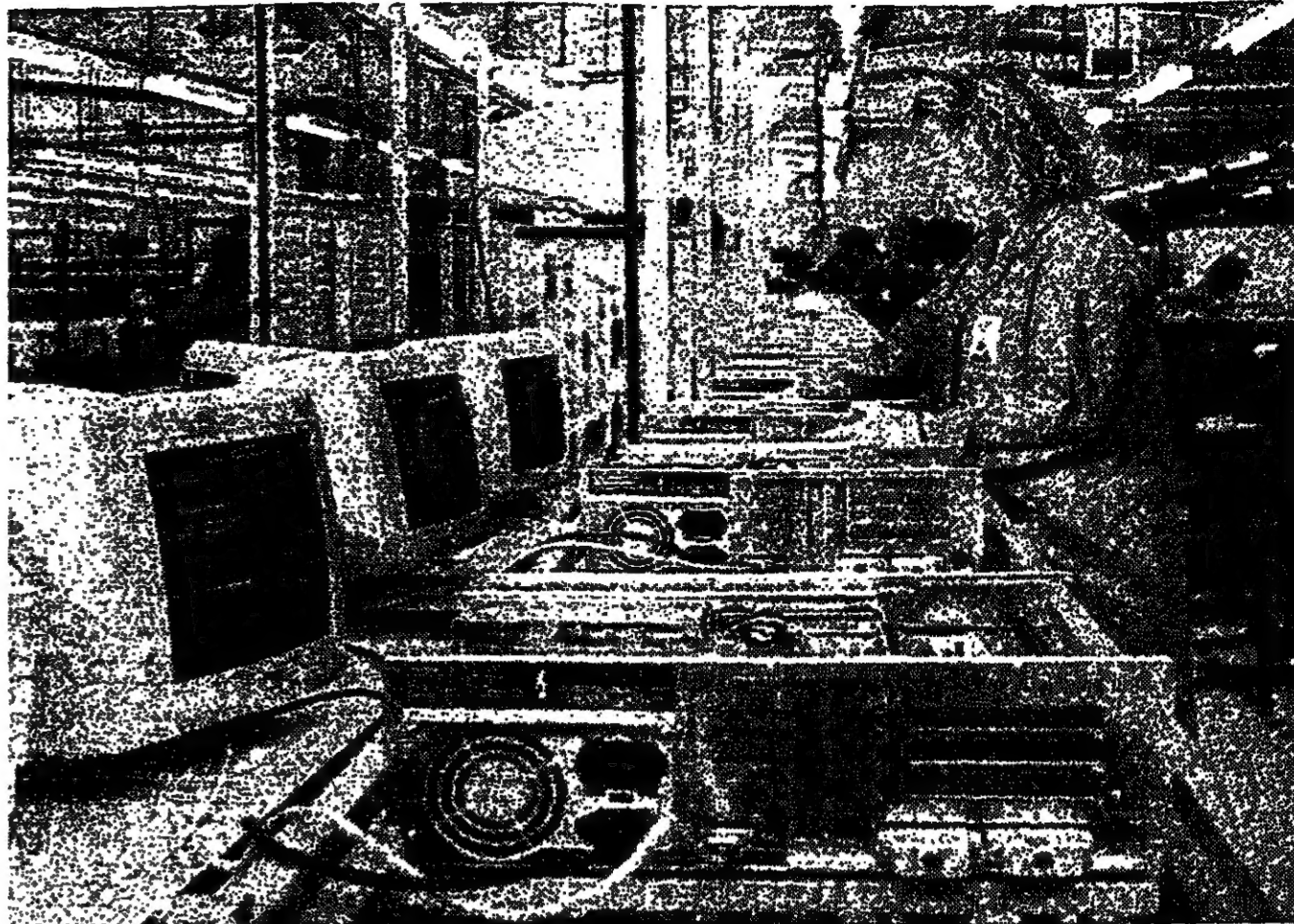
— "It is the IBMs and others who have the problem. They have to work out how to become mass producers."

Amstrad will publish its financial results for 1989-90 next month and analysts are expecting pretax profits of about £45m, well down on previous years but a dramatic turnaround from this time last year when Amstrad had an inventory valued at £350m and bank debt of £150m. Now

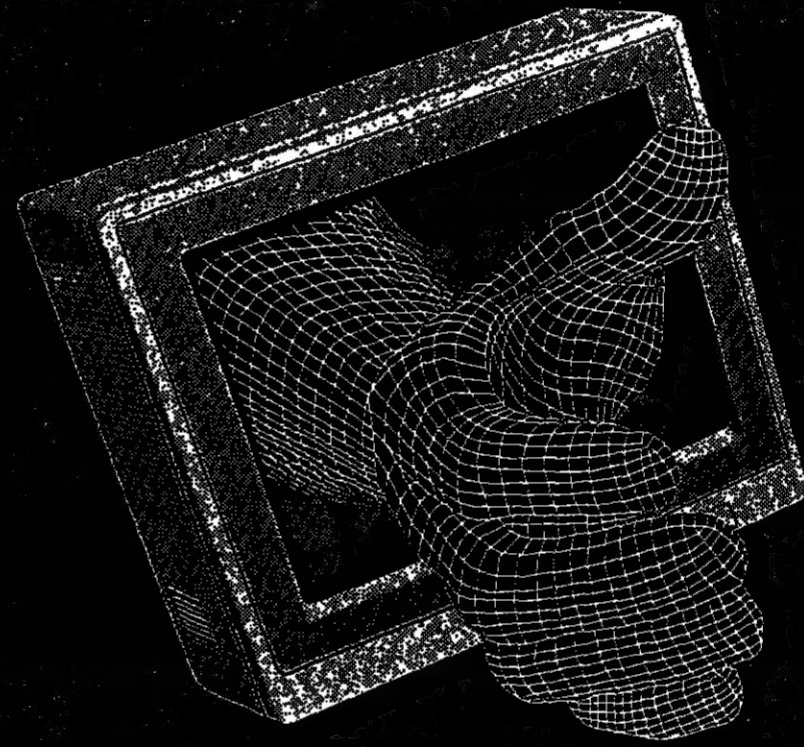
inventory levels are manageable, there is no bank debt and the company has a positive cash position.

A remarkable recovery by any standards, but Mr Sugar is already looking to his new computer ranges to complete the turnaround. Personal computers, he believes, should be as common as television or video recorder.

"This is a totally unpenetrated market," he declares.



One of the production lines at Kirkcaldy, Scotland, for Amstrad's new Generation Three computers which Alan Sugar and his design team believe professional-users are looking for in a personal machine.



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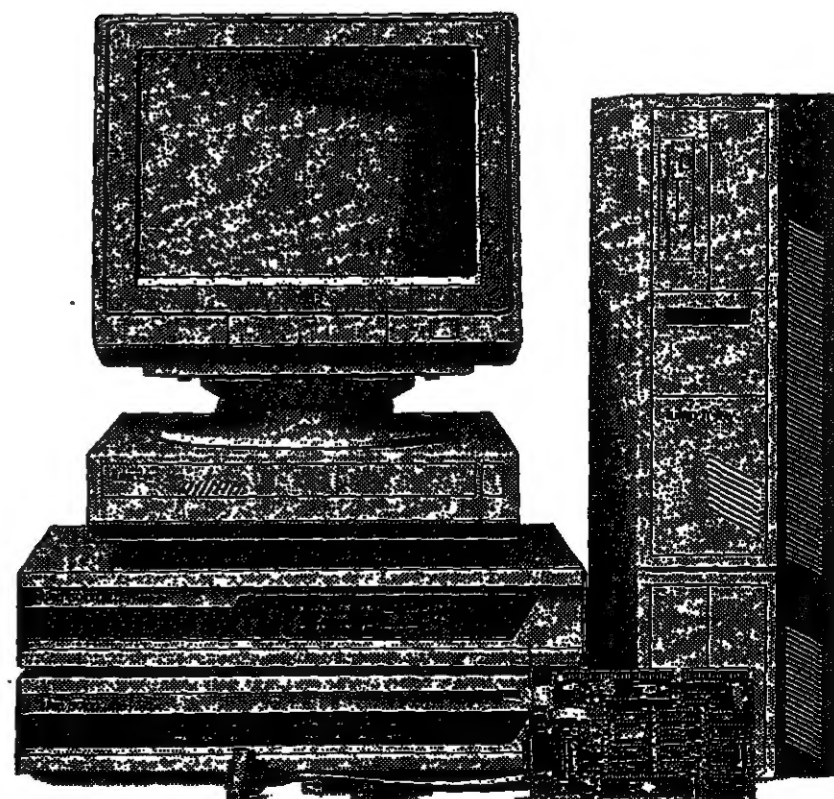
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PERSONAL COMPUTERS AND SOFTWARE 6

The success of new products is critical, says Louise Kehoe

Turning point for Apple

APPLE COMPUTER, the second largest personal computer manufacturer in the world, and the company credited with transforming the hobbyist personal computer into a commercial product, is at a turning point.

Within the next few weeks two events that will shape the future of the company are expected to unfold.

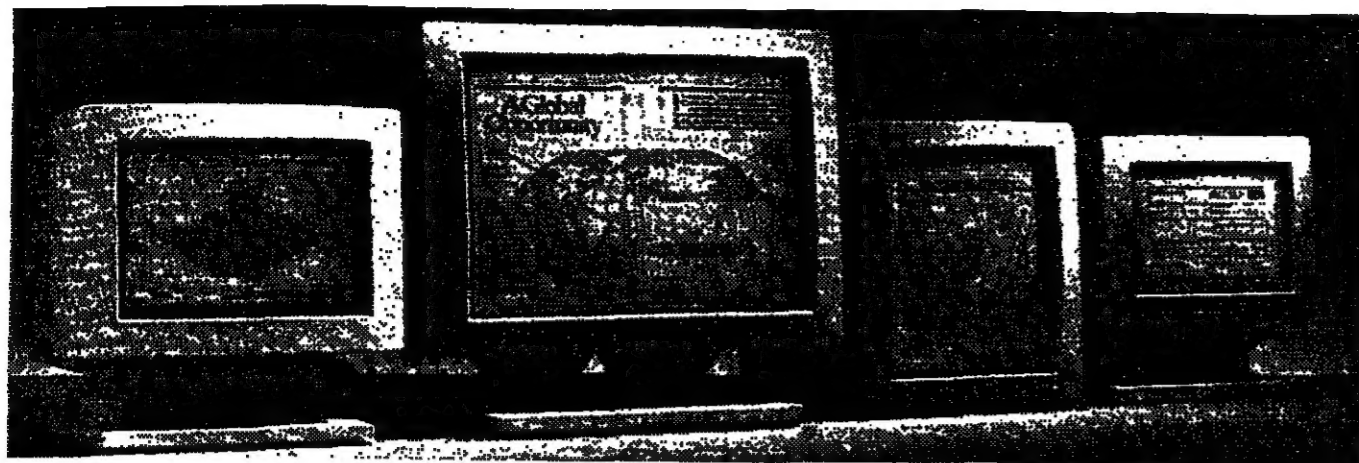
This month Apple is scheduled to introduce a new range of low-priced Macintosh personal computers aimed at home and small business

Apple's new products fill a gaping hole in the company's product line

users, schools and colleges. Also expected soon is a judge's decision in the landmark copyright infringement battle between Apple and Microsoft, the leading personal computer software publisher.

The success of Apple's new products is critical. The company suffered an embarrassing flop last year when it launched a "portable" version of the Macintosh that was too bulky and heavy to attract many customers. To regain its reputation for innovative products, Apple must come up with a winner this time.

The new products fill a gaping hole in Apple's product line. Currently, the company cannot compete in the low end of the personal computer market because all of its comput-



Apple's range of colour and monochrome monitors: the company is scheduled soon to introduce a new range of low-priced Macintosh personal computers aimed at home and small business users, schools and colleges.

ers are either too expensive or underpowered compared with similarly priced IBM-compatible personal computers.

Apple's efforts to establish itself in the business market, over the past five years, now appear to have succeeded at the expense of its traditional strongholds in the education and small business segments of the market, which are now growing faster than the large-business market.

While total shipments of per-

sonal computers are growing by only about seven percent annually, shipments to the small business and home office segment are growing almost twice as fast, at 16 per cent annually, according to BIS

CAP International, a US-based market research company. Over the past year Apple's market share has been eroding, according to market analysts, from 9.5 per cent of the world personal computer market last year to a projected 8 per cent

in 1990. In the US education market, which Apple had dominated, the decline has been dramatic, analysts say.

If Apple is to regain its momentum and to stem the incursions of IBM and others into the education field, it must offer low-cost versions of the Macintosh to replace its original Apple II line of personal computers.

The biggest challenge facing Apple, however, is to demonstrate the value of its products

in the wake of the introduction of "Windows 3.0" a Microsoft program that provides IBM-compatible personal computers many of the features of an Apple Macintosh for a fraction of the price.

Windows 3.0 is a "graphical user interface," a program that generates menu bars, icons and overlapping windows on the computer screen allowing the user simply to point at symbols and click an electronic "mouse" to select functions

instead of typing arcane commands.

This technology has been at the heart of the success of Apple's Macintosh since its introduction six years ago, helping the company's sales to rise from \$1bn in 1983, to \$3.3bn in 1989.

Apple has been fiercely protecting its software technology in the courts and has filed suit against Microsoft over the Windows system, charging copyright infringement. Apple is also suing Hewlett-Packard, whose New Wave user interface program incorporates Windows.

Apple claims that Microsoft and HP have infringed upon its visual display copyrights. Microsoft and HP have denied the charges and HP has filed a counterclaim asking the court to invalidate Apple's copyrights on the grounds that they do not represent original works.

At issue in the case are two programs - Microsoft's Windows which divides the computer screen into overlapping segments in a way similar to that used by Apple, and Hewlett-Packard's NewWave operating environment, a program that creates a visual desktop on the computer screen. In concept, it is similar to Apple's Macintosh interface.

Apple has charged that Microsoft and HP's attempts to create an alternative graphical user interface have produced images that too closely resemble those of the Macintosh and claimed that the companies are infringing upon its intellectual property rights.

For its part, HP argued that

Apple's real concern "is not that some features of NewWave resemble those of the Macintosh, but that NewWave delivers what Apple itself has described as its vision of the future, "a more advanced form of graphical user interface" that represents a competitive challenge to the Macintosh.

With the introduction of Windows 3.0, Apple's "crown jewel," the innovative software that comes built in to the Macintosh machines, has been discounted to a price of just \$60.

Over the past year Apple's market share has been eroding, claim analysts

lars 150. In the US, the Macintosh sells for about \$1,000 more than a comparable IBM-compatible system.

A decision in the Apple v Microsoft and Hewlett-Packard case may come any day. The judge hearing the case recently indicated that he is preparing his decision after close to the years of legal arguments.

The outcome of the case will have a major impact on Apple,

whichever way the judge decides. If Apple's claims to the "look and feel" of the Macintosh - the particular arrangement of symbols on the screen and the way computer users interact with the machine - is upheld, then Apple's competitive advantages will be greatly strengthened.

If, however, Apple loses the case, then Macintosh look-alike computers seem certain to proliferate, forcing Apple to compete on the basis of price and whatever other subtle advantages of the Macintosh it can successfully communicate.

Strong sales of Microsoft's Windows 3.0, demonstrate the appeal of graphical user interfaces. Apple executives claim that Windows represents an endorsement of Apple's pioneering technology and that it will expand the potential market for Macintosh.

Selling high-priced Macintosh computers in competition with IBM-compatible computers running Windows may, however, become much harder for Apple now that the company's exclusive claim to "ease of use" through a graphical user interface has been shattered, industry analysts predict.



Powerful PCs with "go anywhere" portability

THE LAPTOP computer in use, above, by an executive on a train, is a small 6lb machine which provides full PC function. The Compaq LTE/285 and LTE machines include such features as in-built 20Mb and 40Mb fixed discs, a 3.5in. diskette (floppy) drive, 80-key keyboard with standard key spacing and optional internal modem - in a notebook-sized system. Measuring just 8 1/2 ins. by 11 1/2 ins. by 2 1/2 ins., their weight and ability to function on batteries for over 3 1/2 hours of continuous use give them "go anywhere" portability, suited to a wide range of business people. The Compaq systems are priced from £1,495 to £3,250, depending on configuration.

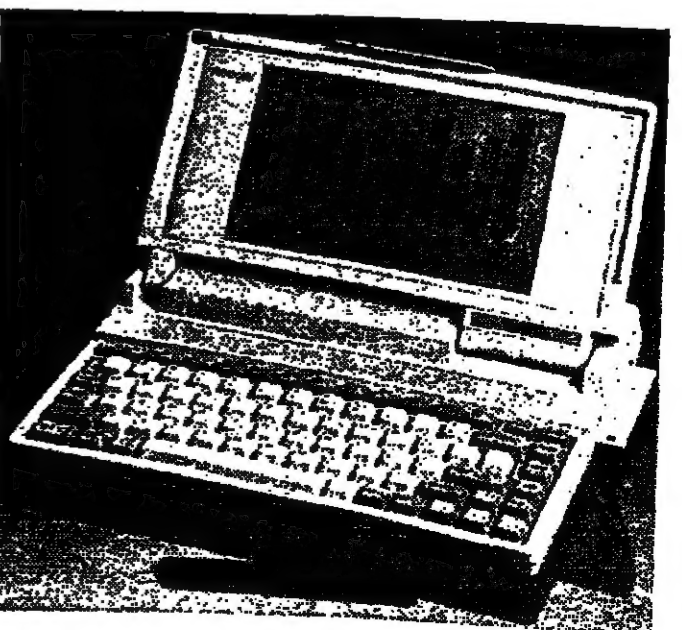
□ In the area of battery-powered laptops - one of the industry's fastest-growing sectors - Compaq took 65 per cent of sales through US dealers in the first five months of this year, according to analysts at Storeboard. In Europe, where its sales topped \$1bn in 1989, Compaq moved ahead of both Apple and Olivetti to become the second-largest supplier of business PCs to European users, according to Dataquest. The company has

just opened an office in Berlin to boost its sales in Eastern Europe.

□ Pictured below is Toshiba's high-specification "notebook-style" portable computer, the T1000SE, which can be operated by battery or mains supply. It is just a little larger than A4 size, weighs under 6 lbs and has a well-proportioned keyboard. The machine, one of three notebook-style machines from Toshiba, has 1Mb of memory as standard and can be expanded to 3Mb using either a 1Mb or 2Mb credit-card sized memory units (E425 and E285, respectively). The computer also features a high-resolution LCD screen and is based on an 80C86 microprocessor and has an operating speed of 9.54MHz. The machine is priced at £1,295.

Despite tough competition from a growing number of laptop suppliers, Toshiba, which was the European market leader last year with about 36 per cent of shipments, has managed to hold its dominating position with 32.9 per cent of the market for the half 1990.

□ For a review of the laptop market, see page four: Buyers spoiled for choice.



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PERSONAL COMPUTERS AND SOFTWARE 7



Companies are now taking computer security far more seriously. In the US, \$1.06bn will be spent by businesses this year to make their systems and data more secure. The computer system in use, above, is the IBM PS/2, model 80, with ASCII 3151 display station.

COMPUTER SECURITY

The threat from within

It is ironic that one of the first applications of computers in the UK was a government-sponsored exercise in "hacking".

The attempts by Alan Turing and his colleagues at Bletchley Park to crack the Enigma Code during the Second World War would be described as exactly this today.

The exercise was supported by a series of electronic computers called Colossus, generally acknowledged as the first working computer in the world.

But like many "hacking" stories, the Enigma code was cracked with a little inside help. The Polish Secret Service managed to capture an Enigma machine, which was subsequently smuggled to Bletchley Park to be studied.

Nearly half a century later, the biggest security threats to computer systems are still computers themselves in criminal or mischievous hands.

Without the enormous and freely-available power of modern computers, hacking and so-called "software viruses" could not exist. They have only become public issues in the past decade as a result of the microchip revolution and the spread of personal computers.

They are issues that many companies are taking very seriously. According to a Frost & Sullivan report, published in August, US companies are expected to spend \$1.06bn this year on making their systems and their data more secure. They expect the market to be almost double by 1995.

Previously, computers were only available to large companies and institutions. A small, privileged group of experts were the only ones who had access to the system and they were well-paid for their loyalty.

The worst sort of crime that occurred in those days was, perhaps, a surreptitious look at someone else's salary in the payroll master file.

The issue of security was rarely discussed. But in the last decade, the combination of powerful personal computers and the increased use of networking and "off-the-shelf" software, have made computer systems vulnerable.

The types of threat fall into three groups: internal disloyalty, direct intrusions (or hacking) and indirect intrusions (rogue programs or "viruses"). Disloyal employees who have access to a computer system are the cause of most financial computer crime and this is more a management issue than a technical one.

If well-chosen employees are paid well, it is unlikely that they will pose a security threat. Technology can help in a supportive role. Software can provide password checking and restrict access to corporate data, but a determined "hacker" with inside knowledge of the system, is impossible to stop.

Direct intrusions into systems from outside is much more difficult than is generally believed and many "hacking" incidents which have hit the headlines have, like the Enigma project, been assisted by inside knowledge.

Those cases that have not involved inside knowledge are the result of chance or incompetence. The technique shown in the prophetic film *WarGames*, where a computer was programmed to dial telephone numbers at random and attempt to identify a computer-controlled reply, is an example of chance.

The notorious Prestel case of the early 1980s, when the Duke of Edinburgh's mail box was "hacked", is an example of incompetence. The engineer in charge of the Prestel system left a crucial access code on a screen which could be readily accessed by all Prestel users.

The threat of external intru-

sion can never be totally eliminated - especially as it can be the result of employee disloyalty. Software technology and formal access procedures - systems that will only allow access after dialling back to a remote terminal on a secure line - have done much to eliminate much of the risk, however.

The US Defense Department has devised a specification for secure systems under the heading "Trusted Computer System Evaluation Criteria" or the "Orange Book." These guides allow systems to be assessed for their relative level of security.

Classification A1, for example, is the most secure system. C2 is adequate and D is minimal security. Although the Orange Book grades are mainly used for military systems, they will inevitably spread to civil and commercial systems. The classifications have been applied to the Unix operating system - now mandatory for most military and government projects. Unix is also enjoying significant success in the commercial market where the security mechanisms developed for military use are equally applicable.

The most serious threat to all computer systems, however, are indirect intrusions or rogue programs. The misleading term "virus" does not convey the spectrum of mischief which can be caused by badly behaved software - whether it be contrived or accidental.

Software which deliberately disrupts a system - either by destroying data or by tying up resources - can be hard to detect and is, ultimately, impossible to prevent.

As quickly as one "virus" is detected and eliminated, another one is devised to create yet more mayhem. A certain sort of person will always find the creation of such programs a challenge and a

healthy industry has already grown from the sale of protective mechanisms. Frost & Sullivan estimate that this market will be worth \$215m in the US this year.

Security will become even more important as many companies follow the so-called "downsizing" path by moving their applications from large, central mainframes to networks of workstations. These powerful systems will be even more vulnerable than the networks which exist today.

Philip Manchester

Horizons widen for non-technical computer users

New revolution ahead in personal productivity

PERSONAL COMPUTERS have caused a revolution in white-collar productivity by giving non-technical users access to the power of computing.

This has been achieved through a combination of advanced hardware technology and clever software.

Until quite recently many of the benefits of this power were lost because the human-machine interface was not good enough. The trade-off between a simple interface and genuine power is a tough balancing act and software developers have not been too successful at managing it.

Simple interfaces usually mean limited power. Powerful functions involve complex control sequences. The last decade has seen a growing realization that the best way to give computer users access to powerful functions is through the graphics-based user interface pioneered at Xerox Palo Alto Research Centre in California and popularized by Apple with its Macintosh computers.

But Xerox's work on human-machine interfaces did not end with the windows-icon-mouse pointer interface and there is a good chance that the follow-on research will have as great an impact in the 1990s as the earlier project had in the 1980s.

The research falls under the heading of object-oriented design and is embodied in a Xerox-developed system called Smalltalk - a combination of an operating system, a database and a development environment. Object-oriented design is a relatively new approach to the design and construction of computer systems and sees a the world

as a collection of self-contained, interacting objects or building blocks which can be brought together to form a complete system. One advantage of this view is that it allows proven and tested programs or functions to be reused in other applications.

Another is that new functions can be added easily at every level of the system. This

argument launched in 1987, embodies many of the principles of object-oriented design and has had enormous influence on other personal computer software products.

In April 1990, Microsoft's launch of Windows 3 graphics-based interface was accompanied by a product called Toolbook, which brings many of the advantages of the object-

ment, other leading software developers, including Borland International, Aldus, Ually, Novell, Micro Focus and Gold Hill, are also known to be working on products.

Object-oriented design also opens opportunities for new companies and a wave of small software companies has grown out of the Xerox PARC culture in the last few years.

Parcplace Systems, which has brought Smalltalk to market, Objectivity, Object Design and Ontologic are all companies that could benefit from the spread of object-oriented technology.

Object-oriented design is a relatively new approach to the design and construction of computer systems

opens up a broader spectrum of power to non-technical users and enables them to create their own extensions to a system without the need to learn how to program in the traditional way. These are not new ideas, of course. But object-oriented design is the first attempt to bring them together and define them formally.

In 1989 a group of manufacturers and software companies - mostly based in the USA - set up the Object Management Group (OMG) to define and promote standards for object-oriented design. Its first draft specification was published in June 1990 and it is hoped that detailed specifications for industry-wide, object-oriented design standards will begin to appear next year.

Meanwhile, many hardware manufacturers and software developers - most of them members of OMG - are working quickly to bring products based on object-oriented design principles to market. Unsurprisingly, Apple Computer is one of the leaders. Its Hypercard development envi-

ronment approach to the MS/DOS-based personal computer market. Hypercard and Toolbook are aimed at individual users and are not suitable for building complex, multi-user commercial software. But Hewlett-Packard's New Wave package, which works with Microsoft's Windows 3, points strongly in this direction - as does Xerox's Smalltalk.

Other computer manufacturers known to be keenly interested in object-oriented design include DEC, which joined the OMG early in 1990, Prime, Data General, Sun Microsystems, Olivetti, Bull, Philips, Fujitsu, ICL, NEC and Matsushita.

Although IBM was participated in the production of the draft OMG standard, it has, so far, stood on the sidelines and not joined the group. It is, however, committed internally to object-oriented design. Some major software developers have also made a strong commitment.

In addition to Microsoft, which has done much to promote object-oriented design with its Windows 3 environ-

ment, other leading software developers, including Borland International, Aldus, Ually, Novell, Micro Focus and Gold Hill, are also known to be working on products. Object-oriented design also opens opportunities for new companies and a wave of small software companies has grown out of the Xerox PARC culture in the last few years.

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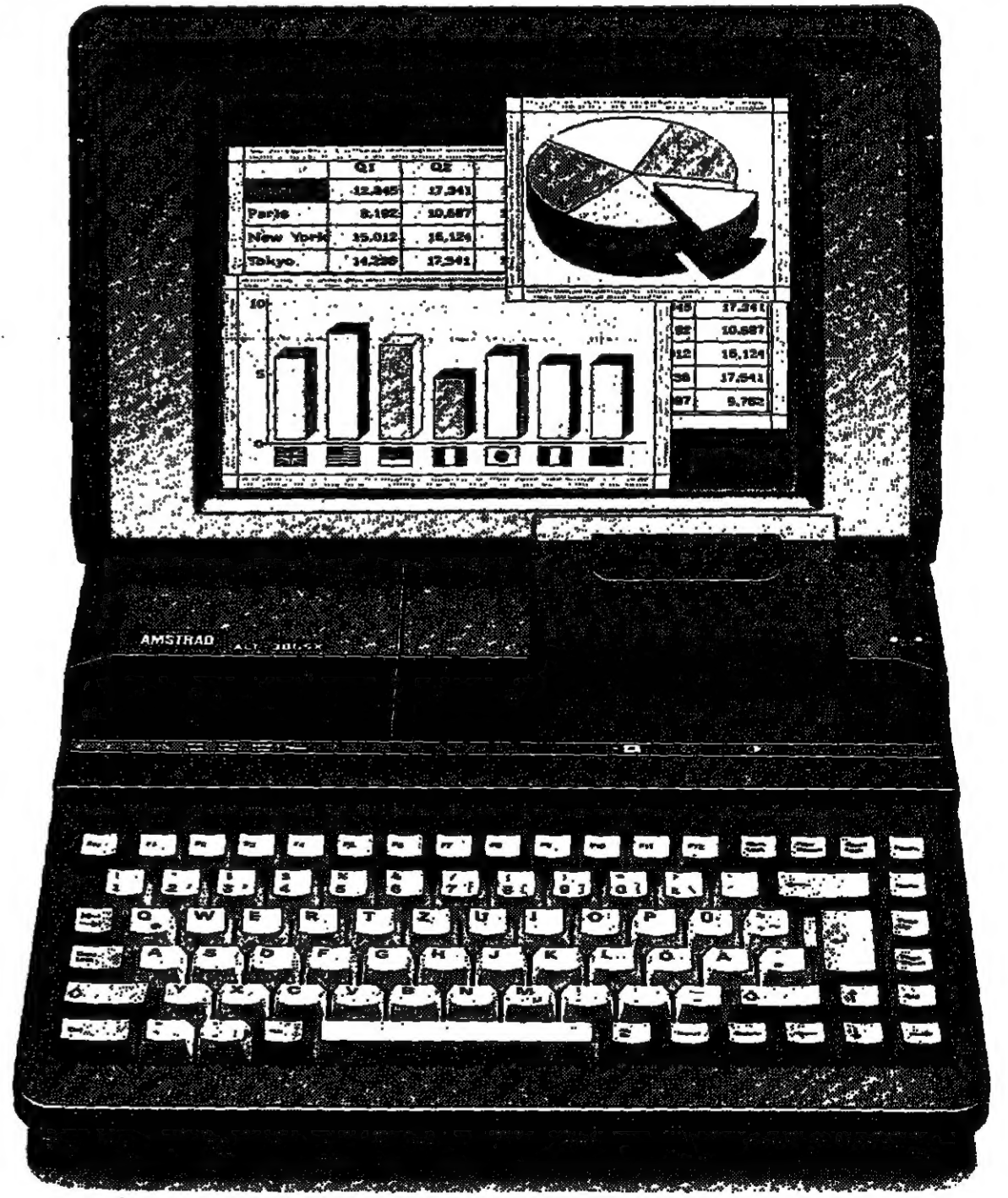
One of the other advantages of object-oriented design is that it does not require a revolution to work. The technology can be introduced alongside existing technologies and can be used to "re-engineer" older systems.

Most important of all, object-oriented systems promise to make the power of programming available to virtually everyone without the need to cope with its traditional complexities.

This will make the revolution in personal productivity of the 1990s look trivial by comparison.

Philip Manchester

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PERSONAL COMPUTERS AND SOFTWARE 8

Local area networks offer big advantages, says Della Bradshaw

Cost is the determining factor

THE ATTRACTION of colour graphics or jolly icons on the screen of a standalone business PC can soon wear thin when it becomes clear that the machine cannot swap files or communicate with other machines in the building.

During the 1980s the problem of how to move information from one PC to another, or from the PC to the corporate mainframe or the printer, fuelled the sales of local area network (Lan) products to connect machines together.

Figures for the growth of PC networks are impressive. The Market Intelligence Research Company, of Mountain View, California, reports that worldwide revenues for PC Lan products grew at a compound annual rate of 48.3 per cent between 1985 and 1988, and predicts that by 1995 the growth rate will still be 13 per cent.

Much of today's growth has been brought about by the introduction of systems which can use the ordinary twisted pair telephone wiring, already installed in every building, says Rick Matsumoto, a consultant for MIRC.

"Most people recognise the benefits of implementing LANS," says Matsumoto. "But the determining factor has been the cost."

Although demand for PC LANS is still strong, the rationale for their implementation is changing.

During the 1980s the introduction of LANS was largely to connect PC users within one

department, such as the marketing or the sales office. The decision over when and how to install the PC network, and which technology and supplier to opt for, was largely left to the departmental head.

As networks first came into use in the mid-1980s, they were usually proprietary products, developed by numerous small companies.

Today's manufacturers and

on network implementation are taken for the organisation as a whole.

Whereas departmental networking meant the department's manager was king, enterprise networking transfers the focus of selecting and implementing a network back onto the shoulders of the data processing or information technology manager.

This shift from looking from

If a network in one country is based on say Novell software, while that in another is based on Microsoft's, there are clear technical problems in doing this.

Many believe the only solution is the adoption by all manufacturers of an internationally approved standard to which directories are written, called X.500.

Most of the large Lan manu-

facturers, such as Novell, 3Com, Microsoft and IBM, all of the US, have recognised the problems inherent in enterprise networking and are developing systems to take these issues into account.

While Lan manufacturers are trying to solve the problems inherent in departmental networks, the software vendors are now looking at ways of ensuring that the scale involved in enterprise network implementation does not stifle the individual workgroups that grew up under departmental computing.

The answer, they believe, is groupware.

At the heart of the groupware concept is the old business school idea that most productive work is done by small groups of people co-operating on a single job, rather than by



Figures for the growth of PC networks are impressive, particularly in the financial sector.

Amid rapid hardware changes, demands for PC programs become ever more complex

Software developers fast heavy pressures

THE DOWNFALL of database software developer Ashton-Tate shows the pressures which face companies in the personal computer software market in the 1990s.

Unlike mainframe and mini-computer software builders, companies which operate in the mass market are subject to the whims of fashion and a rapidly-moving technology.

Ashton-Tate pioneered the idea of database software on personal computers and, by the mid-1980s, was one of the

test companies in the world software business.

Various versions of its dBase database package were bought by more than 2.5m users and about 10,000 applications packages have been developed with dBase as their core.

But in the late 1980s, Ashton-Tate found itself under pressure from a plethora of companies determined to wrest its crown as the dominant supplier in the personal computer database market.

At the same time its vast user-base wanted improvements to the existing product to take account of new hardware technology and operating system improvements. Ashton-Tate's answer was announced in 1988 for delivery in Spring 1989.

It was called dBase IV and it was the first major upgrade since 1985's launch of dBase III Plus.

In addition to a host of new functions and features for users, the new product would be able to take advantage of the new breed of faster micro-processor technology. The new version aimed to bring the product up to date and carry Ashton-Tate securely into the 1990s.

But dBase IV did not arrive until late in 1989 and, even then, it was beset by 'bugs'. Ashton-Tate's financial performance suffered as its market share dwindled.

In 1988 the company made a net profit of \$47.9m on gross revenue of \$307.3m. Ashton-Tate changed its year-end to December in 1989, giving it an 11-month financial year in which revenues fell back to \$287.3m with losses of \$31.6m.

Market researcher Romtec estimates that dBase IV held about 38 per cent of the UK market in monthly unit sales in May 1988. By May 1989, when the company's chief executive officer, Ed Esber resigned, dBase IV's share had sunk to 13 per cent, pushing the product into second place behind dBase.

It is too early to say whether Ashton-Tate will recover. It released dBase IV version 1.1 in August and the product is, at least free of major bugs.

While Ashton-Tate has wrestled with problems of dBase IV the database market has moved on and it will need to do more than get dBase IV working to restore market confidence in its products.

Although an extreme example in commercial terms, Ashton-Tate's story is by no means unique. The demands of users and constantly improving hardware technology put pressure on all personal computer software developers.

Lotus had problems delivering Release 3 of its 1-2-3 spreadsheet and Microsoft was two years late delivering the first version of its Windows graphics environment.

Despite a dent in its image, Lotus managed to survive its problems with 1-2-3 because the product worked well when it arrived.

In Microsoft's case, PC users did not see graphics user interfaces as a priority in the mid-1980s, so the delayed delivery of Windows only affected a small group. Microsoft also learned the wisdom of not announcing products too early when it came to Windows 3 - despite wide knowledge of the product in the industry months

before it arrived.

The important thing was that Windows 3 was a stable and robust piece of software when it was delivered to users. Users, it appears, will tolerate delays, but not bad workmanship.

David Internimone, a director of rival database supplier Borland International, says these are two important issues confronting software developers in the 1990s: "Software is becoming much more complex because customers' requirements keep growing."

"And the hardware and operating systems platform is changing and difficult to keep up with," he observes.

He acknowledges that delays in software development are inevitable in such a pressurised market and believes the answer is to make software more flexible in the first place - so that programmers and users can add their own extensions.

"The challenge is to harness complexity and to make it easier for everyone to be a good programmer," he says.

Marcus Bolton, managing director of the UK software developer, System C, sees the problem as inherent in the traditional method of building software in large organisations.

"We have been down this route ourselves. Our original

Unpredictable delays in program development cause havoc for software suppliers says PHILIP MANCHESTER

package was built by one person. When we came to build the second version, we put a team together and it was a disaster. You cannot replace one bright individual with a team of adequate ones," he explains.

"We went back to core development with just one individual - supported by someone to prepare the documentation," Mr Bolton adds. He advocates use of similar techniques to those recommended by Mr Internimone of Borland: build libraries of re-usable components which are tried and tested.

He notes that Apple and Hewlett Packard are well down this route with their software and much of the efforts of supporters of the object-oriented design approach (including Mr Internimone) are aimed in this direction.

Delays in software development are certainly not a new phenomenon. There is an old saying that all programs are 90 per cent complete for 90 per cent of their development schedule - which may go some way to explaining why imprudent marketing departments announce software before it is truly ready.

Programmers are by nature optimistic souls and always believe that their programs will quickly work well. But the more mature personal computer software companies have, however, learnt from Ashton-Tate's bitter experience and they wait until they have completed rigorous quality-testing before they let the world get their hands on the product.

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